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WORLD NEWS

Clarke hits out at BMA campaign

Kenneth Clarke, Secretary of State for Health, accused the British Medical Association of alarming the elderly and sick through a campaign of misinformation against the Government's health reforms, bringing relations between the Government and the BMA to a new low.

The minister was reacting angrily to the contents of 11m leaflets that the BMA is sending to all 32,000 GPs in the country for distribution. Page 5

US army in oil clean up
United States armed forces and equipment are to be made available to assist in cleaning up the Alaskan oil spill. Federal authorities are to be more involved in the restoration of Prince William Sound, where more than 10m gallons of oil were spilled. Page 22

N-power 'disastrous'
Arthur Scargill, president of the National Union of Mineworkers, warned that expansion of nuclear power at the expense of the coal-mining industry would be disastrous for UK energy economics and electricity consumers. Page 5

Jerusalem violence
Violence flared in Jerusalem's Old Town and Palestinian leaders reacted negatively to proposals for elections in the Israeli-occupied zone put forward by Prime Minister Yitzhak Shamir. Page 2

Gandhi murder charges
Indian police yesterday charged a leading Sikh extremist and four others with involvement in the murder, four and a half years ago, of Mrs Indira Gandhi, the former Prime Minister. Page 2

Takeshita hit again
Noboru Takeshita, the beleaguered Japanese Prime Minister, was yesterday reeling from the third revelation in a week that he had received large sums of money from the Recruit company. Page 2

Chile bomb
A bomb caused extensive damage to the offices of the US-Chilean Cultural Institute late on Thursday night apparently in retaliation for the five-day US embargo on Chilean fruit.

Ray Moore award
Former BBC Radio Two presenter Ray Moore, who died earlier this year after a long battle against cancer, was given a posthumous award by the Broadcasting Press Guild for his outstanding contribution to radio.

Minesweepers return
The last three Royal Navy minesweepers sent to the Gulf during the Iran-Iraq war returned home after nearly eight months at sea but without collecting any mines.

North admits lying
Oliver North, the former White House aide, admitted to a federal jury that he lied about his role in getting aid to the Nicaraguan Contra rebels at a meeting of the House Intelligence Committee.

Soho fire arrests
Police investigating last weekend's Soho amusement arcade fire in which two men died yesterday arrested two men and two women in Torquay.

N Sea oil rig shut down
Oil production on the BP Alpha platform in the North Sea has been suspended until the middle of next week because of a fault in fire-fighting equipment.

Betting bonanza
Punters are expected to gamble more than £50m – the equivalent of £1 for every man, woman and child in Britain – on today's Grand National horse race.

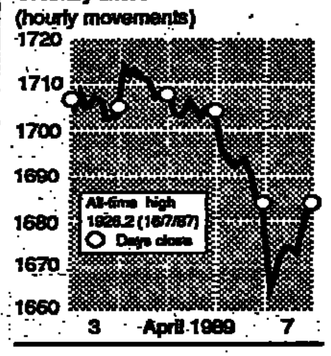
BUSINESS SUMMARY

Plessey chief to cede control

SIR JOHN CLARK, chief executive of the Plessey electronics group, announced that he will give up executive control next March. He will be succeeded by Mr Stephen Walls, 41, who joined the group less than two years ago and was made managing director in November.

Sir John announced his decision as the final touches were being put to the Monopolies and Mergers Commission report on the takeover bid for Plessey from General Electric Company and Siemens of West Germany. Page 22; Profile Page 4

FT Index



AUSTRALIAN entrepreneur Mr Alan Bond was the subject of highly damaging findings by the Australian Broadcasting Tribunal, a watchdog for the Australian broadcast media. An inquiry found that he had misled the tribunal in 1986 over a A$400,000 (£188,000) defamation payout and that his behaviour in relation to that payment had been improper. Page 10

THE DELORS COMMITTEE is thought to have substantially amended a draft report on economic and monetary union in the European Community after objections from the Bank of England and the West German Bundesbank. Page 22

LONRHO returned to the Department of Trade and Industry all but one copy of the leaked DTI inspectors' report on the Fayed brothers' 1985 takeover of the House of Fraser stores group. Page 22

TRADING nations reached agreement on farm trade reform. Page 2

KUWAIT INVESTMENT OFFICE effectively withdrew from Spanish banking when its subsidiary Torras Hostench sold its 48 per cent stake in Banco Central, a Cartera Central company, to its portfolio partner in the bank, Construcciones y Contratas, for Pta42bn (£213m). Page 10

LAIRD GROUP, sealing systems and engineering company, sacked its auditors, Coopers & Lybrand, after finding "fundamental errors" in the past accounts of Metro-Cammell Weymann, the bus and taxi manufacturer earmarked for sale. Page 8, Lex Page 22

INTERNATIONAL CITY HOLDINGS reported a £1.95m loss before tax in the first half of 1988-89 on turnover of £47.3m. Page 8, Lex Page 22

GUINNESS chief executive Mr Anthony Tennant is to take on the additional post of chairman in a reorganisation of the international drinks group's top management structure. Page 4

HYSTER, North America's largest lift truck maker, is being bought for $620m (£365m) by NACCO Industries, the US equipment and mining group which includes the Yale fork-lift truck business.

US may have to consider retaliatory action if the European Community increases trade barriers after the creation of the single European market, Senator Lloyd Bentsen, chairman of the Senate Finance Committee, warned. Page 2

US UNEMPLOYMENT fell to 5.0 per cent, its lowest level since 1973. Page 2

Gorbachev stands firm on call for nuclear-free world

By Robert Mauthner and Philip Stephens

MR Mikhail Gorbachev yesterday underlined the sharp differences between himself and Mrs Margaret Thatcher over nuclear arms and stated clearly that the new negotiations on conventional forces cuts could be jeopardised if Nato went ahead with the modernisation of tactical nuclear weapons.

The Soviet President, who was later the lunch guest of the Queen at Windsor Castle before leaving for home after his official visit to Britain, used the historic forum of the Guildhall in the City of London to make one of his strongest appeals for a nuclear-free world.

As an earnest of Soviet intentions, Mr Gorbachev announced that his country had decided to cease this year the production of enriched uranium used to make nuclear weapons and to shut down two reactors for the production of weapons-grade plutonium, in addition to one closed in 1987.

Mr Gorbachev's announcement was quickly dismissed by the US as an empty gesture. The State Department said: "The Soviet Union still has a number of reactors, military and civilian ones, to produce materials that are capable of being used (in weapons production)."

A similar view was expressed by Mrs Thatcher, who said at a press conference that the Soviet move would have little impact because Moscow had significant stockpiles of weapons-grade materials.

The Soviet leader also made a strong appeal for an early resumption of the negotiations between the US and the Soviet Union on a 50 per cent reduction of strategic nuclear weapons and the opening of negotiations between Nato and the Warsaw Pact on a reduction of naval forces.

The strategic arms negotiations were "at the top of the agenda" of Moscow's relations with Washington, Mr Gorbachev said. The Soviet leader made it clear to Mrs Thatcher during their talks on Thursday that he was unhappy about the delays in the new US Administration's foreign policy review.

In Washington, President George Bush rejected Soviet criticism of the pace of the arms talks and said that the foreign policy and arms control review would be complete at the end of the month or, at the latest, early May.


Ashley Ashwood
Fond farewell: Margaret Thatcher and Mikhail Gorbachev

Mr Gorbachev's announcement on the cessation of enriched uranium and plutonium production was the only real novelty in Mr Gorbachev's 25-minute speech, which had been expected to furnish greater insights into his much-publicised, but ill-defined, concept of a "common European home." It was left to the Prime Minister, in her reply, to speak of Britain's vision of a "Europe in which we do not merely co-operate across the barriers between East and West but one in which the barriers themselves come down."

Mr Gorbachev, the first Soviet leader to have been invited to speak in the Guildhall, said that the Vienna talks on conventional force reductions and confidence-building measures and the 35-nation agreement on which they were based were "an event without precedent in the nuclear age." He pledged that the Soviet Union was prepared to take very far-reaching steps towards a demilitarisation of Europe.

However, in spite of Moscow's opposition to any "unjustified linkages" in disar-
Continued on Page 22

The Gorbachev visit, Page 3; Revenge, not rabbits, Page 7

How did he pop the royal question?

By Michael Cassell
Political Correspondent

THE BIG question outstanding at the end of a historic day was at what point during luncheon at Windsor Castle, and exactly how, did the President of the Union of Soviet Socialist Republics and General Secretary of the Communist party of the Soviet Union pop the question?

Was it between the smoked salmon and crabmeat and the fillet of beef and duck purée, or after the fresh fruit salad with various melons and baby meringues that he invited Elizabeth II, Queen of the United Kingdom of Great Britain and Northern Ireland, Head of the Commonwealth and Defender of the Faith, to drop in on the Kremlin?

Perhaps, having been given a brief tour of Britain's finest Norman castle, home of the monarchy for nearly 900 years, Mr Gorbachev casually offered a mint and a reciprocal invitation to Her Majesty to follow in the footsteps of the Tsars. With Windsor apparently filled to the ramparts with Russian relics, there must be a chance of coming across one of Henry VIII's old suits of armour in Leningrad's Hermitage museum.

Mr Gorbachev started his last day in Britain working his way up the social scale – not that such distinctions apply back home – from a cup of the people's coffee with the leader of the British Communist Party to gold-plated goblets and Windsor's finest wines.

In between, he moved swiftly to the Guildhall and an audience of well-heeled Chatham House guests. Politics is a fickle thing – less than a year earlier, the same seat occupied by the Soviet
Continued on Page 22

PRESIDENT Mikhail Gorbachev has invited the Queen to visit the Soviet Union. In thanking Mr Gorbachev, the Queen explained that the programme for her visits was fixed years in advance, but she hoped it would be possible for her to visit the Soviet Union "in due course."

There was speculation yesterday that the Queen's visit – the first by a British monarch to the Soviet Union since the 1917 revolution – could take place after the international human rights conference to be held in Moscow in 1991.

Weekend FT

Lords may delay law reforms

By Philip Stephens,
Political Editor

DOUBTS were raised last night about whether the Government will be able to push its plans for overhaul of the legal profession through without offering major concessions, following a barrage of criticism in the House of Lords.

In one of the most intense debates in the Upper House during the present parliament, Lord Mackay, the Lord Chancellor, found his proposals to inject much greater competition into the profession attacked by virtually every senior peer with links to the judiciary.

The strength of the adverse reaction will force Conservative Party managers to reassess whether they can rely on sufficient support for the changes to introduce legislation during the next session of parliament.

Lord Lane, the Lord Chief Justice, offered a particularly scathing assessment of new licensing proposals for solicitors and barristers, which he said would threaten "creeping authoritarianism."

Lord Rawlinson, a former Attorney General, said he would resign the Conservative Party whip rather than support the measures. Lord Hailsham, former Lord Chancellor, said the profession could not be treated as a "grocer's shop" in Grantham.

There was also fierce criticism of the Government's announced intention to allow only three months for public consultations.

The plans, put forward in a Green Paper, involve a number of key changes which the Government regards as essential to end restrictive practices in the present system.

Among the proposals are the introduction of a new system of licensing for advocates which would end the monopoly enjoyed by barristers in the higher courts; provision for lawyers to accept "no-win no fee" cases; the opening up of senior judicial appointments to all in the profession; and the removal of the rules preventing barristers from joining partnerships of solicitors.
Details of the debate, Page 4

Docks braced for strife

By Charles Leadbeater, Kevin Brown and Fiona Thompson

DOCKERS' LEADERS and port employers were yesterday preparing for a confrontation over the future of the dock labour scheme, after 2,800 dockers at 11 ports took unofficial action in protest at the Government's plan to abandon the scheme.

The Transport and General Workers Union's national dock committee meets on Monday to consider recommending a national strike ballot in response to a bill published yesterday to abolish the 1946 Dock Workers Act.

The committee is likely to convene a national conference of dockers' delegates late next week. The meeting is expected to sanction the ballot.

Dockers' leaders throughout the country reported strong support yesterday for a strike. Union officials at leading ports not covered by the scheme, such as Felixstowe and Dover, doubted that the ballot would include their members.

The scheme gives the union a large role in regulating work in 40 ports by providing dockers with security of employment.

The Government will provide £25m over the next three years for a special redundancy programme. With matching funds from employers, it is thought that the redundancy scheme could fund between 1,400 and more than 2,500 redundancies among the 9,400 registered dockers.

About 1,100 dockers at Liverpool, 480 at Bristol, and 170 at smaller ports such as Glasgow, Ellesmere Port and Runcorn are expected to resume work on Monday after a one-day strike yesterday. Most of the 916 dockers at Tilbury, Essex, who walked out yesterday are expected back over the weekend and on Monday. About 700 dockers at Southampton, and 150 at Garston and Fleetwood in the north-west may not return to work unless instructed to do so by the national docks committee. TGWU leaders called on dockers not to act until the ballot had been held.

Port employers expected the union to win a slim majority for industrial action, but were confident that a strike would quickly collapse.

Sir Keith Stuart, chairman of Associated British Ports, which operates 25 per cent of UK ports capacity, said the impact of a strike would be "relatively minor." The costs of strike lasting several months would be recovered in a single year's trading with more efficient working practices after the scheme is abolished.
Dock scheme dispute, Page 5

Blue Arrow loan was to de Savary associate

By Vanessa Houlder

MR PETER de Savary, the British entrepreneur and yachtsman, last night confirmed that a company associated with him was the recipient of the mystery £25m loan that the employment agency group Blue Arrow had revealed earlier this week.

The loan, made in December when Mr Tony Berry was still executive chairman of Blue Arrow, was intended to generate profits which would offset the cost of the Blue Arrow Challenge, the joint effort by Mr de Savary and Blue Arrow to win the America's Cup.

Mr de Savary said the loan was related to a property transaction. He would not disclose its nature or location.

His disclosure followed the amendment of a court order at 6.30 last night. The court order involved a confidentiality agreement entered into when the deal was made.

"It is a sensitive and secretive commercial investment," Mr de Savary said, speaking on the Rhine from aboard his yacht. "It will not benefit from being put in the public domain."

He added: "The investment has been independently valued at a figure which provides ample security for the loan."

When the loan was revealed at Blue Arrow's annual meeting on Monday, Mr Mitchell Fromstein, chief executive and chairman, said its recoverability was in doubt.

"We have tried to be helpful to Blue Arrow to clarify the speculation that was getting out of hand," Mr de Savary said. He and Mr Fromstein spent yesterday in discussions.

Mr de Savary said only a part of the £25m loan had been deployed, but none was due to be repaid before June 1991.

The loan was extended before Mr Berry was stripped of executive duties by Blue Arrow in January. He stayed as chairman until last Tuesday, when his removal completed Mr Fromstein's consolidation of control.

Mr Fromstein formerly ran Manpower, the US group for which Blue Arrow paid $1.3bn in 1987. He was sacked last December, but returned as chief executive a month later deposing Mr Berry.

Fromstein the survivor, Page 8

MARKETS

STERLING
New York lunchtime:
$1.8960
London:
$1.6975 (1.7045)
DM3.1825 (3.1850)
FFr10.750 (same)
SFr2.800 (2.795)
Y224.75 (same)
£ Index 95.4 (95.5)

GOLD
New York: Comex Jun
$388.7
London:
$382.25 (384.5)

N SEA OIL (Argus)
Brent 15-day Apr
$19.50 (+0.25)

Chief price changes yesterday: Page 22

DOLLAR
New York lunchtime:
DM1.8770
FFr6.3380
SFr1.65025
Y132.575
London:
DM1.8745 (1.8685)
FFr6.3325 (6.3075)
SFr1.6485 (1.6390)
Y132.40 (131.85)
$ Index 68.4 (68.2)
Tokyo close: 132.68

US LUNCHTIME RATES
Fed Funds 9⅞%
3-mo Treasury Bills: yield: 9.102%
Long Bond: 97$\frac{7}{32}$
yield: 9.08

STOCK INDICES
FT-SE 100:
2,045.7 (−6.8)
FT Ordinary:
1,683.0 (−1.2)
FT-A All Share:
1,058.58 (−0.5%)
FT-A long gilt yield index high coupon:
9.51 (9.47)
New York lunchtime:
DJ Ind. Av.
2,305.35
Tokyo: Nikkei
33,185.05 (32,995.78)

LONDON MONEY
3-month interbank:
closing 13$\frac{11}{16}$% (13$\frac{1}{32}$)

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Austria Sch22; Bahrain Din0.700; Bermuda $1.50; Belgium BFr50; Canada C$1.00; Cyprus C£0.90; Denmark DKr10.00; Egypt E£2.25; Finland Fmk7.00; France FFr7.00; Germany DM2.30; Greece Dr120; Hong Kong HK$12; Iceland IKR125; India Rup15; Indonesia Rp3,100; Ireland I£0.60; Israel NIS3.50; Italy L1700; Japan Y600; Jordan Fils 500; Kuwait Fils 500; Lebanon $L125; Luxembourg LFr50; Malaysia Rin4.25; Malta 40c; Mexico Pes300; Morocco Dh6.00; Netherlands Fl3.00; Norway Nkr10.00; Portugal Esc140; S.Arabia Rls7.00; Singapore S$4.10; Spain Pta145; Sri Lanka Rup30; Sweden SKr10.00; Switzerland SFr2.40; Taiwan NT$65; Thailand Bht50; Tunisia Din0.800; Turkey L800; UAE Dh7.00; USA $1.00.

OVERSEAS NEWS

Takeshita resists party pressure to quit over Recruit

By Stefan Wagstyl in Tokyo

MR Noboru Takeshita, the beleaguered Japanese Prime Minister, was yesterday suffering from the third revelation in a week that he had received large sums of money from the scandal-ridden Recruit company.

The disclosures prompted a group of provincial leaders of the ruling Liberal Democratic Party to call for the prime minister's resignation – the party's first big public show of disloyalty. The demand highlighted the LDP's growing fear that the crisis may not only bring down the Government but possibly also put an end to over 30 years of LDP rule in Japan.

According to yesterday's revelations, Mr Takeshita received Y25m (£112,000) in political donations from Recruit during a double election in 1986, when seats in both the upper and the lower house of the Diet were contested. This came on top of a Y30m contribution disclosed on Wednesday and a Y20m gift revealed last Friday. Previously it was known that Mr Takeshita had gained some Y22m from the sale of shares he had received in Recruit Cosmos, a property affiliate of Recruit.

It was the disclosure last year of the sale of shares in Recruit Cosmos in 1986 to influential people that started the scandal, which has so far led to 13 arrests.

The disclosures of the past week have completely undermined Mr Takeshita's attempt to distance himself from the crisis by blaming it on Mr Yasuhiro Nakasone, the former prime minister, during whose administration the bulk of Recruit's donations were made. Until last week, Mr Takeshita was able to argue that his gifts from the company were relatively small – the 12,000 Recruit Cosmos shares which were bought on his behalf by a secretary and by a relative compared with 26,000 bought for Mr Nakasone. However, it has now become clear that Mr Takeshita enjoyed almost as much of Recruit's support as Mr Nakasone.

Takeshita: reeling from further Recruit revelations

These share sales, as well as the cash donations, were not necessarily illegal. Mr Takeshita's supporters pointed out that donations from business are the main source of funds for politicians. But suspicions were raised that Mr Takeshita may have infringed laws which require political donations to be reported regularly to the Ministry of Home Affairs. There was no record at the ministry of the Recruit donations.

Yesterday's disclosure came as a particular blow to LDP leaders in Nagoya, the third largest city in Japan, who are preparing for a mayoral election. They said Mr Takeshita must resign or else their candidate, the incumbent mayor, would lose. As well as this public attack, Mr Takeshita has heard several private demands for his resignation from LDP Diet members, but has so far retained the support of his own faction, the largest in the LDP. Moreover, most of his potential successors are themselves involved in the scandal.

Gelli indicted over Ambrosiano scandal

by Alan Friedman in Milan

MR Licio Gelli, the grandmaster of Italy's outlawed P2 (Propaganda Due) Masonic lodge, and 34 others are expected to stand trial this year on charges of fraudulent bankruptcy and causing the collapse in 1982 of Banco Ambrosiano, triggering the country's biggest post-war banking scandal.

Among those indicted yesterday, at the end of a seven-year investigation, were Mrs Anna Bonomi Bolchini, a tough 77-year-old Milanese woman who was once one of the great names of Italian finance. Also indicted was Mr Orazio Bagnasco, founder of the failed Europrogramme investment fund, and Mr Umberto Ortolani, a P2 member who has been living in exile in Brazil.

Investigators have linked the P2 lodge to crimes including tax evasion, bribery and conspiracy to topple the Government. Mr Gelli was also charged in connection with the 1980 bombing of Bologna railway station which killed 85 people, but was not brought to trial. He was extradited from Switzerland last year on condition that he could be tried only on charges related to the collapse of Banco Ambrosiano.

Mr Carlo De Benedetti, the entrepreneur who for two months at the end of 1981 owned two per cent of Ambrosiano and was the bank's vice-president, was cleared of all suspicions that he had been involved in extortion when selling out his stake.

Mr De Benedetti resigned in disgust soon after discovering the antics of Mr Roberto Calvi, the notorious Ambrosiano chairman and P2 member whose corpse was found in June 1982 hanging from Blackfriars Bridge in London.

Archbishop Paul Marcinkus, chairman of the discredited Istituto per le Opere di Religione (IOR), or Vatican bank, has escaped indictment because Italy's highest courts have declared him immune to prosecution in Italy. The American-born archbishop, a close associate of Mr Calvi's, will soon be stepping down from his post at the IOR. The judges said, however, they believed the Vatican bank bore a heavy responsibility for the fraudulent failure of Ambrosiano.

Although the Ambrosiano trial may shed some light on the manner in which the Milan bank crashed with $1.3bn (£764m) of missing funds lent to overseas dummy companies controlled by the Vatican bank, few in Italy expect the truth will ever be known about the mysterious death of Mr Calvi. A Milan court recently declared its view that Mr Calvi, who was known as "God's Banker", was murdered, a view at odds with the open verdict returned at the London coroner's inquest.

Violent response to Shamir poll plan for occupied territories

By Hugh Carnegy in Jerusalem

AN UGLY flare-up of violence in the heart of Jerusalem's Old City and a chorus of negative reaction by Palestinians yesterday greeted proposals outlined in Washington by Mr Yitzhak Shamir, the Israeli Prime Minister, for elections in the troubled West Bank and Gaza Strip.

Mr Shamir, under pressure from the US to come up with a solution to the 16-month *intifada* (Palestinian uprising) in the Israeli-occupied territories, outlined to President George Bush a plan for elections to choose leaders who would negotiate with Israel to set up self-government in the West Bank and Gaza for an unspecified interim period.

Significantly, however, the Likud leader stuck to his determination to keep the territories under Israeli rule.

Mr Bush said elections could help the peace process, but the Palestinian response in Jerusalem offered little indication that the gulf between the Israeli Government and the *intifada* leaders had narrowed.

In an abrupt answer to Israeli hopes that violence would subside during the Moslem fasting month of Ramadan, fighting broke out between thousands of worshippers and police after the first Friday prayers of Ramadan on the Temple Mount in the Old City.

Police firing tear gas and rubber bullets arrested nearly 40 demonstrators and at least 12 people were injured, including three Jews hit by flying stones as they prayed at the Wailing Wall near the Mount.

Witnesses said the trouble started when a group of Palestinians waving the PLO flag paraded round the Dome on the Rock after leaving the Al-Aqsa mosque. They threw stones at police and cameramen nearby and rioting flared when the police responded with rubber bullets and tear gas.

The verbal response of Palestinian leaders in the occupied territories was not much warmer. From moderates such as Mr Elias Freij, the mayor of Bethlehem, to extremist Islamic fundamentalists, came the complaint that Mr Shamir had failed to address the key demand for Palestinian self-determination and was still seeking to avoid involving the PLO in any peace process.

"We're not against the principle of democratic elections if they are part of a period that will lead to a real solution, with the participation of the PLO, but we don't believe Shamir means that," said Radwan Abu Ayash of the Arab Journalists Association.

Mr Shamir's proposals were criticised as a concession to the PLO by Israeli rightwingers and for not going far enough by the left. They are broadly similar to those made earlier this year by Mr Yitzhak Rabin, Labour's Defence Minister in the coalition.

PO leaders yesterday publicly rejected Mr Shamir's proposals, our Foreign Staff write.

"Shamir's statement is inappropriate, as usual," said Mr Yassir Arafat, the PLO leader, in Congo. "The proposals Shamir took to Washington have no new, positive or serious elements," said Mr Salah Khalaf, his deputy in the PLO's mainstream Fatah group, speaking in Tunis.

Palestinian leaders believe that Mr Shamir, by refusing to talk to the PLO and insisting on an end to the uprising in the territories, is attempting to drive a wedge between Palestinians living under Israeli rule and PLO members in exile.

PLO officials seeking an independent state in the West Bank and Gaza say elections cannot be held under Israeli occupation. In Amman, Mr Mohammed Milhem, who was elected mayor of the West Bank town of Halhoul in 1976, recalled yesterday that all the pro-PLO mayors elected then were either deported, removed from their posts by the Israeli authorities, or injured in attacks.

SA wants more troops in Namibia

By Anthony Robinson in Johannesburg and Michael Holman in London

SOUTH AFRICA yesterday sought UN permission to deploy more troops in northern Namibia to combat an incursion by guerrillas of the South West Africa People's Organisation (Swapo).

Mr Pik Botha, the Foreign Minister, said he had written to Mr Javier Pérez de Cuéllar, the UN Secretary General, that unless Namibia's chief of police was allowed to ask for minimum additional assistance to relieve some of the security forces which have been in operation for more than a week, then he would not be able to safeguard the population in those regions.

The news came as South African jets bombed Swapo units on the eve of ceasefire negotiations in Windhoek.

As the death toll nears 300, there remains a wide gap between Pretoria and Swapo over the ceasefire terms.

According to reports from the Angolan capital of Luanda, leaders of the six southern African frontline states and Swapo have broadly accepted the UN plan for Swapo forces to be disarmed once a ceasefire is declared, and confined to bases inside Namibia under UN protection.

However, South Africa has so far insisted that the guerrillas leave Namibia under UN supervision and be escorted to camps well inside neighbouring Angola.

Today the three signatories of the December 1988 treaty which paved the way for the start of the UN-monitored independence plan for Namibia are meeting in Windhoek to try to thrash out a ceasefire deal.

Angolan, Cuban and South African delegations will be accompanied by senior Soviet and US observers, including Mr Anatoly Adamishin, the Soviet deputy foreign minister, and Mr Chester Crocker, the former US assistant secretary of state for Africa.

● Zulu Chief Mangosuthu Buthelezi yesterday revealed the text of a letter sent to him two months ago by Mr Nelson Mandela, jailed leader of the African National Congress (ANC), calling for a joint effort to end the violence in Natal and "restore cordial relations" between the ANC and the Zulu Inkatha movement.

The letter, addressed to "Shenge", the chief's tribal title, and signed "Madiba", the ANC leader's own title as member of the royal Themba clan, was cited as evidence of the cordial relations between the leaders of South Africa's two most powerful black political movements. "My fervent hope is to see, in due course, the restoration of the cordial relations which existed between you and Oliver Tambo [the ANC leader in exile] and between the two organisations in the seventies. The most challenging task facing the leadership today is that of national unity."

Five more accused of Mrs Gandhi's murder

By David Housego in New Delhi

INDIAN police yesterday charged a leading Sikh extremist and four others with involvement in the murder of Mrs Indira Gandhi, the former Prime Minister. They linked the charges, which come four and a half years after her assassination, to a wider conspiracy to destabilise the country and wage war against the Government. The case is likely to become highly politicised and controversial.

Among the five named yesterday was Atinder Pal Singh, the head of the Khalistan Liberation Organisation and one of the leaders of the Sikh extremist movement in the aftermath of the army's storming of the Golden Temple in Amritsar in 1984. Opposition leaders fear that, in an election year, the case will form part of a political campaign by Prime Minister Rajiv Gandhi to portray the country as under threat from extremist forces.

Earlier this week he accused the opposition of supporting those who had a hand in the murder of his mother and said that the conspiracy was part of an attempt to destroy national unity.

In political terms Mr Gandhi would also stand to benefit from a trial in the run-up to the election as it would resurrect the widespread sympathy felt for his mother. It was this, and the wish for a strong government in the wake of Mrs Gandhi's murder, that enabled Mr Gandhi to gain a landslide victory in 1984.

The charges were brought yesterday by the Special Investigation Team (SIT), the police unit that has been inquiring into the assassination in the wake of the report of the Thakkar commission. The Government has said that the SIT found no evidence against Mr R K Dhawan, a former special assistant to Mrs Gandhi and now a close adviser of the prime minister, whom Justice Thakkar accused of complicity in the murder. But it also said that the SIT would be bringing charges against other people for conspiring to murder Mrs Gandhi.

Among those charged were Simranjit Singh Mann, a former police officer, and two Bombay-based university lecturers, Jag Mohan Singh and Dalip Singh.

Indira Gandhi: sympathy vote brought landslide for her son

Bentsen warns EC over 1992 barriers

By Peter Riddell, US Editor, in Washington

THE US may have to consider "mirror" retaliatory action if the European Community increases trade barriers against America as a result of the creation of the single European market, Senator Lloyd Bentsen, the Democratic chairman of the Senate Finance Committee, has warned.

Senator Bentsen's comments are regarded as significant not only because of his considerable personal influence but also because his committee has primary responsibility for considering trade matters.

His warning about the possible threat to the US and to free trade from the single European market is shared by Republican as well as Democratic Senators.

Senator Bentsen said he did not envisage new legislation to deal with European developments since he believed last year's Omnibus Trade and Competitiveness Act gave the President sufficient powers to retaliate against barriers that cannot be removed by negotiation.

The increased Congressional concern over Europe 1992, also reflected in recent committee hearings, comes, however, at a time when leading members of the administration have been toning down their language about the general threat to the US and instead focussing on specific issues.

In particular, he expressed concern about possible rules restricting banking operations by foreigners within the EC and local-content standards affecting imported cars and other goods.

Senator Bentsen, a previous opponent of domestic content legislation, said that if the Europeans followed this route, the US might have to do the same.

Iranian factional fighting spreads

By Victor Mallet

POLITICAL feuding in Iran intensified this week over the recent resignation – under pressure – of Ayatollah Hossein Ali Montazeri as successor to Ayatollah Ruhollah Khomeini, the Iranian leader.

The opposition People's Mujahideen of Iran said many people had been killed in fighting on Tuesday and Wednesday between supporters of the two ayatollahs in the central town of Najafabad, Montazeri's birthplace.

Yesterday the Iranian authorities hinted that there had indeed been trouble in the area. Chief Justice Abdulkarim Mousavi Ardebili told the mass Friday prayer meeting in Tehran that Montazeri had written to his supporters urging them not to protest.

Montazeri withdrew as heir-designate after a series of statements in which he criticised political executions and pointed to shortcomings in foreign and domestic policy since the 1979 Iranian revolution which he helped to bring about.

Two other senior officials who attempted to improve Iran's image abroad, the deputy foreign minister and Iran's ambassador to the UN, have also resigned.

There were disturbances two years ago in central Iran between supporters and opponents of Montazeri. In the latest incidents, the Mujahideen said demonstrators set fire to government offices while the authorities despatched Revolutionary Guards to Najafabad to suppress the protests and arrest offenders.

The Mujahideen also said that many of those recently executed by the Iranian authorities as drug traffickers were in fact political prisoners.

GATT AGRICULTURE DEAL

Market makes a comeback in farm trade

By William Dullforce and Peter Montagnon in Geneva

THE WORLD's trading powers will negotiate "a fair and market-oriented agricultural trading system" under the agreement on farm trade reform finalised in Geneva on Thursday night.

Governments' farm policies will be made more responsive to international market signals, they said.

Their stated intention is to do away with the curbs and distortions in farm trade which currently cost taxpayers in the US and the European Community some $25bn a year in support for agriculture and to bring the trade under the discipline of the General Agreement on Tariffs and Trade.

A freeze will be imposed on current levels of support until the completion of talks in December 1990. Governments even envisage a cut in support and protection levels in 1990, although no specific level of reduction is mentioned.

Under the agreement thrashed out among the US, the EC and the Cairns group of 13 farm-exporting nations, the long-term objective will be to achieve "substantial progressive reductions in agricultural support and protection" within a time limit to be agreed during the talks but not later than the end of 1990. Commitments will cover "all measures affecting directly and indirectly import access and export competition".

Governments are asked to submit by next December detailed proposals of how they expect to achieve the long-term objective. A surveillance system is to be put in place to ensure that governments comply with their commitments.

The EC and the US had argued that it was technically difficult to apply the immediate freeze on support for which the Cairns group was pressing. A compromise formula commits countries "within the scope of their existing legislations and their existing Gatt rights and obligations" to ensure that their current support and protection levels "are not exceeded" before the completion of the negotiations in December 1990.

They undertake not to strengthen their present barriers against imports of farm produce nor to extend them to additional products over the next 20 months. This means, the agreement stipulates, that market access for individual products in 1989 and 1990 should not be lower than the average for 1987 and 1988.

The US refusal to submit its land set-aside programme to the freeze has been overcome by simply leaving out supply control measures, thereby exempting them from the freeze.

European farmers' concern about the effect of currency fluctuations, in particular a depreciation of the dollar, on their ability to export has been partially met by stipulating that the support prices can be expressed in national currencies – in the case of the EC, in Ecus.

The fears of countries concerned with national food security such as Japan and Switzerland, both with heavily subsidised farmers, were partly eased by accepting that proposals to address "non-trade concerns" could be taken into account in the negotiations.

US jobless rate at 16-year low

US civilian employment rose by 177,000 in March, or 202,000 if the effect of the Eastern Airlines strike is discounted, **Anthony Harris reports from Washington.**

Unemployment fell to 5.0 per cent from 5.1 per cent to reach its lowest level since 1973. Hourly pay rose by 0.4 per cent, sustaining a recent annualised rate of 5 per cent, up from 3 per cent last year.

Employment growth was well below the monthly average of 300,000 over the last year, and confirms other evidence of slower growth; but a 0.1 per cent drop in unemployment shows that labour market conditions remains tight.

Bonn car aid move

The Bonn Government was yesterday heading for a serious legal clash with the European Commission over state aid for the West German car industry, **William Dawkins reports from San Sebastian.**

Mr Dieter Von Würzen, Bonn's state economics secretary, told a meeting of EC Industry Ministers that West Germany could not accept the Commission's recent self-awarded extra powers to curb state aid to the sector.

Brittan in EMS call

Sir Leon Brittan, Britain's senior EC Commissioner, yesterday coupled a repeated call for sterling to join the European Monetary System (EMS) with proposed reforms of the system itself, **David Buchan writes from Brussels.**

Speaking to London foreign exchange dealers, he suggested that if enlarging and strengthening the EMS were "put at the top of the British agenda in the coming months, we might discover that some of the more theoretical questions about the need for and form of future institutions, which can generate so much passion, either prove to be wholly premature or do not need to be answered at all."

Oil consumption up

Oil consumption in the developed countries during the first quarter of the year grew by 1m barrels a day, or 1.6 per cent, compared to the first quarter of 1988, according to the Paris-based International Energy Agency (IEA), **Steven Butler writes.**

The increases were spread throughout the Organisation for Economic Co-operation and Development (OECD) members.

Polish reform passed

Poland's Parliament yesterday passed laws bringing major changes in the country's political system, as well as removing the last formal barrier to the registration of Solidarity, banned eight years ago.

The changes include a new freely elected parliamentary chamber, the Senate, and a president.

Avril asks for help

Gen Prosper Avril, the president of Haiti who survived two attempted coups this week, has asked the US for help to protect his government, which is being threatened by mutinous soldiers, **Canute James writes from Jamaica.**

He said he was asking not for military assistance but wanted "non-lethal aid" which was necessary "for me to control the situation".

US health lobby victory leaves palm oil producers sore

Tropical oil exporters fear an American consumer bandwagon may affect food sales worldwide, reports Karen Zagor

WITH headlines screaming "The Poisoning of America" and pictures of famous brands lined up in sharp focus below, a well known US consumer advocate is lobbying to change the US diet.

The advertisements accuse palm and coconut oil of causing heart attacks, claiming that such highly saturated edible fats raise cholesterol levels.

The implications for the tropical oil exporting nations of south-east Asia are potentially serious. They may also affect European food companies and consumers if the US bandwagon attracts followers in other countries

The advocate in question is Mr Philip Sokolof, the maverick multi-millionaire who is president, founder and the general motivating force of the National Heart Savers Association. Mr Sokolof, 66, blames high cholesterol for his heart attack 23 years ago.

Since October last year he has pursued a $2m advertising campaign against the big food processing companies claiming that they are threatening American lives by using tropical fats.

The effect of the campaign and the consumer reaction which it helped foment has led a number of food companies including Borden, General Mills, Keebler, Pillsbury, Ralston Purina, Kelloggs, Pepperidge Farm and Nabisco to announce that they plan to eliminate tropical oils from their products.

Tropical oils have never amounted to a huge proportion of the oils used in US processed foods. According to Pillsbury's Mr Larry Haeg: "When we began product reformulation tropical oils made up only about 3 per cent of all fats used."

While in some cases removing these oils has been a simple matter of substitution, products such as artificial dairy creamers have proved recalcitrant. Cremora is the only Borden product that now uses tropical oils. The company has recently completed one phase of testing for a replacement and hopes to have a new formula within a matter of months. So far other oils have reduced Cremora's shelf life.

Taste has been another factor. General Mills has found that "Bugles", a snack food, don't taste the same when made with other oils, but the company will be changing the formula nevertheless.

A spokesman for Nabisco said that the concern about tropical oils was "part and parcel of America's move away from saturated fats. We've been at this for a number of years," he added.

This has enraged the exporting countries, because the jury is still out on the health effects of palm and coconut oils. Indeed the FDA recently announced that "consumption data have conclusively demonstrated that these oils are relatively minor contributors of saturated fats to the American diet," and "singling them out is unlikely to lead to any meaningful reduction in the incidence of coronary heart disease in this country."

While the debate may rage in the medical community the food manufacturers are not willing to wait. "The medical evidence is not conclusive but it is evident to us that the consumer has spoken," said Mr Haeg.

"Food manufacturers are very sensitive to what people think, no matter what the truth is. If the consumers think they're right that's all you need," said Mr Roger Spencer, a food analyst with Paine Webber in Chicago.

Most of the major food processors insist that their plans to move away from tropical oils began well before Mr Sokolof's advertisements. Mr Craig Shulstad, a spokesman for General Mills, which gets about 300,000 phone calls and letters from consumers each year, said: "We try to keep ahead of consumer issues and about two years ago we began to notice a significant increase in concern about tropical oils."

Some analysts see eliminating tropical oils as an easy way for the food companies to bow to consumer pressure at little cost. With the current cost of soy oil about 22 cents compared with about 19 cents for palm, "you'd need a very fine magnifying glass to detect the difference in cost to a large manufacturer," said Mr Spencer.

Mr Sokolof is not alone in his attack on the oils. The American Soybean Association has taken up the war cry with a vengeance. Starting in the spring of 1987, they have distributed advertisements nationwide featuring a character called Tropical Fats lounging in a Panama hat next to a barrel labelled Palm Oil, captioned "Meet the man who's trying to put you out of business... He's Tropical Fats, and his coconut and palm oils are stealing markets away from US soybean farmers". The advertisement goes on to say that "Tropical Fats may be hazardous to your health".

The Malaysian Oil Palm Growers' Council has attacked these advertisements, saying: "The industry is encouraged to disguise a trade issue as a health issue. It is unfair and cynical competition. It's an accusation based on neither scientific nor economic fact."

The real concern of the tropical oil producers is whether the US effect is going to spread into overseas markets. The well-organised soybean lobby has everything to gain and nothing to lose by a full frontal attack on the tropical oils. With soy oil production costs about triple those of palm oil, soy oil is losing out in the most lucrative markets in the third world.

The stakes are higher for the Malaysians, who produce just under two thirds of the 5m tonnes of palm oil worldwide and who are hoping to dominate these profitable markets. The Malaysians plan to spend about $10m in advertising and research to show that their oils are actually good for the health.

Although palm oil accounts for only about 4 per cent or $2bn of Malaysian exports, its importance to the country outweighs the bald statistic, since about $1bn is profit, says Mr Hugh Peyman, a food analyst with Merrill Lynch in Singapore.

The European Community imported 338,000 tonnes of Malaysian palm oil in the first 11 months of 1988, up 9 per cent from the previous year and more than twice as much as the US. But the most important markets for Malaysian palm oil are India, which took 700,000 tonnes, and China, which some analysts think may import between 500,000 to 750,000 tonnes this year.

Meanwhile, the American Soybean Association is worried about losing valuable foreign markets to the Malaysians. "If we don't respond, America's breadbasket could become the world's crumb box," said Mr Ken Bader, ASA chief executive.

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Prime Minister speaks of a 'dynamic' leader

By Philip Stephens, Political Editor

MRS Margaret Thatcher, the Prime Minister, yesterday gave a glowing account of her talks with Mr Mikhail Gorbachev, saying that she had found the Soviet leader as "dynamic, determined and stimulating as ever."

She also welcomed his decision to invite the Queen to visit Moscow, linking it with the considerable efforts that Moscow had made significantly to enhance fundamental freedoms in the Soviet Union.

There is speculation that the Queen's eventual visit — the first by a British monarch since the 1917 revolution — may be timed to come after the international human rights conference due to be held in Moscow in 1991.

Mrs Thatcher was unimpressed, however, by Mr Gorbachev's announcement that he planned to close down two nuclear reactors producing plutonium and to cease production of weapons grade uranium, and was as determined as ever that the West should modernise its nuclear arsenal.

Asked at a press conference after Mr Gorbachev's departure if he had changed her view on the need for Nato to develop a replacement for the Lance short-range missile, Mrs Thatcher said that the Alliance had already decided that the weapon needed to be replaced to maintain its value as a deterrent.

The Soviet Union had already completed its modernisation while the West had not yet started. "I think we should complete it", she said. Mrs Thatcher also re-emphasised her view that the "strong and sure" defence that each country had a right to maintain would include nuclear weapons for the foreseeable future.

Disarmament efforts should therefore focus on progress in the "tough" negotiations to reduce conventional and chemical weapons.

She said that the Soviet decision to stop producing uranium would have little impact on its nuclear capability because it had significant stockpiles of the material. It would get more as it decommissioned existing missiles.

The Soviet decision to sell warplanes to Libya was criticised by the Prime Minister, who linked her concern to what the West believes is the Libyan Government's decision to develop a capability to produce chemical weapons.

Mrs Thatcher, however, was keen to put the differences between the two leaders into the context of a strong improvement in Anglo-Soviet relations and her support for the "historic mission" of perestroika.

Paraphrasing a comment she made in 1984 after her first meeting with Mr Gorbachev, she said that he was "a person I look forward to doing more business with".

Sceptical reaction to Soviet cutbacks

By David White, Defence Correspondent

WESTERN military experts reacted sceptically to Mr Gorbachev's announcement yesterday of cutbacks in Soviet production facilities for weapons-grade nuclear materials.

The Soviet leader said that production of enriched uranium for warheads would stop this year and that two more reactors making weapons-grade plutonium would be shut this year and next, in addition to one shut in 1987. But Nato, in a statement issued at its Brussels headquarters, said it believed the shutdowns would not have much effect.

"There are probably a number of Soviet reactors capable of producing weapons-grade plutonium," it said. Officials pointed out that plutonium was a natural product of civilian nuclear reactors and was not in short supply.

It was not known, they said, how big Soviet stockpiles of enriched uranium and plutonium were, or what the balance was between the use of these materials in Soviet warheads. But uranium could be recovered from old warheads, and neither material deteriorated rapidly.

Independent experts suggested that Moscow might be trying to put pressure on the US not to go ahead with new facilities for producing nuclear warhead materials in Idaho. A crisis erupted in the sector in the US recently because of the age of existing facilities and alarm over environmental risks. Resulting shutdowns affected supplies of tritium, a radioactive gas which is used to enhance the explosive power of nuclear warheads and which, unlike uranium, decays quickly.

Nato also rejected Mr Gorbachev's claim that the Soviet Union was not modernising its nuclear weapons, as the Western allies plan to do. It said the Soviets had recently equipped two tank divisions in East Germany with modern, highly accurate short-range SS-21 missiles, replacing old Frog battlefield rockets, and were continuing to modernise key components of their long-range strategic forces.

The US is expected to present a report on Soviet nuclear weapon developments to allied defence ministers when they meet to discuss nuclear plans in Brussels on April 19 and 20.

Invitation accepted

MR GORBACHEV yesterday invited the Queen to visit the Soviet Union, Buckingham Palace announced.

She told him she "hoped it would be possible for her to visit the Soviet Union in due course", a Palace official said.

The invitation came during a lunch at Windsor Castle on the final day of Mr Gorbachev's visit to Britain.

The lunch, the final official event of Mr Gorbachev's tour, was described as being a "relaxed, happy and very successful occasion".

The Queen and the Duke of Edinburgh were hosts to 34 guests, including the Prime Minister and Mr Thatcher.

Mr Gorbachev and Mr Shevardnadze, Minister of Foreign Affairs, sat on either side of the Queen. Mrs Gorbachev sat next to the Duke, with Prince Edward, the only other member of the royal family present, on her right.

The Gorbachevs stayed 15 minutes longer than planned at Windsor. As they left, the Queen remarked: "It was a very nice lunch." Mrs Thatcher curtsied and then took her place in the first Zil limousine with Mr Gorbachev, his wife in the second, leaning forward to wave.

As the cavalcade of armour-plated Russian cars moved off for Heathrow, the Queen was heard to say: "They're very large, aren't they?"

Thatcher gets her guesswork wrong

By Edward Mortimer

IN THE ceremonial side of British diplomacy the City of London plays a central role: the Guildhall dinner is a regular feature of state visits. Mr Gorbachev this week was not on a state visit. Indeed there seemed to be some confusion as to whether he is or is not a head of state: he was introduced as "the General Secretary", although Mrs Thatcher addressed him as "Mr President".

But the Guildhall inevitably suggested itself as the appropriate setting for yesterday's speech, billed as an important, nay even a "historic", statement: something comparable, according to one breathless prediction, to Winston Churchill's "Iron Curtain" speech at Fulton, Missouri, in 1946.

What would it be about? No one quite knew, but the best informed guess was that the Soviet leader would ring up the curtain that Churchill had rung down, spelling out in more detail his vision of the "common European home" whose inhabitants would no longer be curtained off from each other.

That, clearly, was what the Prime Minister was expecting, because that was the theme that she replied to. "We also have a vision," she proclaimed, reading her reply from those discreet see-through prompt-screens which President Ronald Reagan established as an acceptable apanage of world statesmanship.

"Our vision is of a Europe in which we do not merely co-operate across the barriers between East and West, but one in which the barriers themselves come down" (unlike the border controls within the European Community, if she has anything to do with it).

Mr Gorbachev, as if to demonstrate that the Soviet Union is indeed falling behind technologically, read his speech from an old-fashioned typescript. But someone had given Mrs Thatcher, and the rest of us, a bum steer. The speech she replied to was not the one we had just heard.

What we heard from Mr Gorbachev contained no new proposals and nothing about the Common European Home.

Worse, it contained a blunt restatement of the best-known disagreement between the two leaders, in a form that sounded very like a threat. Although "opposed to unjustified linkages in disarmament matters", Mr Gorbachev said that "objectively speaking, everything in our century is linked", and if Nato went ahead with the modernisation of tactical nuclear weapons "this is bound to affect the Vienna talks, confidence-building measures and the situation in Europe in general".

Wisely perhaps, Mrs Thatcher ignored this challenge and ploughed ahead with her compliments "on such an important statement", devalued only — and from her mouth surely unintentionally — by being bracketed with the sentimental gush uttered from the same platform by Mr Reagan on his visit last year.

The occasion ended with a slightly invidious roll call for the procession leaving the hall, which included some luminaries from the floor (notably the historian Sir Isaiah Berlin and Sir Peter Hall) while leaving others high and dry on the platform.

The latter included Mr Neil Kinnock, one of whose supporters was threatening revenge on the City when (if) Labour returns to power — until it transpired that the City had nothing to do with it. The procession consisted of those bidden to lunch at Windsor Castle, and any complaints from the Leader of Her Majesty's Opposition should be addressed to Her Majesty in person.

'Our perestroika is in earnest and long-term'

PRESIDENT Gorbachev said in his speech at Guildhall, London, yesterday:

The 20th century is drawing to a close. It has been rich in tumultuous events and has truly marked a turning point in the history of the entire human civilisation.

It must be a rare person who is not wondering today: where do we go from here? What lies beyond that watershed?

The world community stands at the crossroads of two policies. One, speaking generally, is a policy of force. It is rooted in the past.

The other policy is only now being shaped. It is sustained by the rapid process of the crystallisation of the world's integrity and interdependence. The priority of universal human interests and values is its imperative.

Only very recently, Soviet people have seen its highest expression in the solidarity shown by the world in response to the earthquake in Armenia.

We sincerely thank the Government and people of Great Britain, all its citizens, who took our misfortune to heart, expressed sympathy and gave us support.

The present generation of political leaders are shouldering the burden of crucial choices, the burden of making momentous decisions. None of them has the moral right to shirk that responsibility.

Honest answers

We in the Soviet Union began by looking at ourselves. Four years ago in April 1985 we made a choice, asking ourselves the most difficult questions. We have tried to answer them honestly and straightforwardly. We have set out to reappraise our experience, our history, the world around us and our own position in it.

We have firmly opted for overcoming ossified dogmas and stale patterns of thinking and stereotypes. This has produced perestroika and the new thinking and the domestic and foreign policies based on them.

Our perestroika is in earnest and for the long term. There is no turning back for anyone. The people have firmly linked their destiny with perestroika.

The election of people's deputies of the USSR, which was held in a democratic atmosphere unprecedented in our entire history has demonstrated that Soviet people are not going to turn off the path chosen four years ago.

The Communist Party of the Soviet Union received in this election powerful support of the people.

We launched perestroika with our eyes open. We foresaw the complexity and the special nature of the process, realising that it would shake up thoroughly our entire society.

We were not wrong about what counts most. It is also true, however, that the magnitude of many domestic problems — political, economic, social and moral — was not evident at once but revealed itself as the process moved on. That calls for fresh approaches and solutions and most intense intellectual and practical work.

As for the difficulties — and they do exist — we accept them as a natural expression of contradictions inherent in a transition period.

Convinced

None of these difficulties indicates that the concept itself of perestroika is wrong. They only accentuate the watershed character of the period we are going through, when the old ways are still alive and cannot be done away with overnight while new approaches are as yet unable to pick up full speed.

We have chosen, definitively and irrevocably, the route leading to new forms of life — democratising our society in all spheres.

We are convinced that it will create and is already creating conditions for full self-expression of the individual and freedom of thought, and that it alone will make it possible to develop the values inherent in socialism such as social protection, justice and humanism in production and human relations.

In so doing, we set our sights on the highest standards of glasnost and keeping people informed — both those that are accepted internationally and those that stem from our own ideals and cultural and historical traditions.

We are convinced that only through democratisation is it possible to build a well-functioning, healthy and dynamic economy. Radical economic reform, which blends together planned regulation and the market, will help us devise a new economic mechanism, harmonise the numerous forms of socialist ownership and economic activities, and give ample room to producers and enterprise.

We have formulated a new agrarian policy, seeking to tear down the administrative-command system in agriculture. Various forms of leasing help to restore the status of farmer-peasant, his right to be in control of land, machinery and the product of his work.

Despite the exceptional changes that our society has undergone in the last four years, despite the obvious fact that we are already living in a different intellectual and political climate, moving at a different historical pace, we still believe that this is only the beginning of the road for us. Perestroika takes time, patience, perseverance and creative effort.

We are aware that tests and trials are still ahead for us. We are faced with problems resulting from a lack of political culture and the imperfection of mechanisms that safeguard democracy and protect it against destructive, anti-social actions.

We have a great deal to do in the sphere of inter-ethnic relations. We shall do that while adjusting our federation to the processes that are under way in Soviet society.

Fundamental

Our fundamental principle of a strong centre and strong republics reflects the will of all Soviet peoples.

Reforming our political system is a powerful tool for tackling all those problems and implementing all our initiatives.

At the same time we note with satisfaction that it (perestroika) is making a positive impact on the international scene. The democratisation of Soviet proceeds together with the process of setting democratic standards of openness in international affairs.

The policy of building a state based on the rule of law in our country coincides with the trend towards enhancing the role of law in relations between states.

Our economic reform presupposes the Soviet Union's closer integration into the world economy and may be conducive to building a truly global market and a new world economic order.

In recent years we have seen the emergence of real opportunities to close the last page of post-war history and enter into a new period of peace.

Reliance on force is a dangerous approach, which leads to an impasse. The realities of today have laid bare the failure of the philosophy of confrontation.

The decades of the Cold War have cost too dearly, both to East and to West. Continuation of all-out confrontation may spell catastrophe for all.

This is the objective logic of world politics at its present stage. Our new political thinking is governed by its laws.

Its fundamentals and practical conclusions in summarised form were outlined at the UN General Assembly in New York.

Let me just recall that it sets forth the fundamental long-term course of Soviet foreign policy and a blueprint for specific measures for the transition to a period of peace.

We invite everyone to dialogue and interaction for the sake of survival and progress.

Radical changes

We shall not be able to ensure genuine and substantial disarmament unless we make concurrent radical changes in the political climate on our planet.

We shall not be able to save the environment unless we embark on the path of disarmament and releasing resources to solve environmental problems.

We shall not be able to make the situation throughout the world healthier unless we change the nature of North-South relations.

We shall not be able to eliminate famine in the world, combat drugs, AIDS and terrorism or put an end to gross violations of the rights of individuals and entire nations until we recognise that all that is our common concern, until we rise above the narrow egoistical understanding of our interests and draw up guidelines for international interaction in keeping with the needs of today.

Recent experience testifies to the possibility of a peaceful order based on the principles of freedom of choice and balance of interests in the context of reducing weapons arsenals and lowering the level of military confrontation. We will continue to prove this with our deeds.

As I have already announced, our armed forces will be reduced by 500,000 men, which is 12 per cent of their total strength, during 1989-1990. The military budget will be cut by over 14 per cent, and the production of weapons by nearly 20 per cent. We have already started implementing this programme.

I take this opportunity to tell you that we have recently decided to cease this year the production of enriched weapon-grade uranium.

In addition to the industrial reactor for the production of weapon-grade plutonium shut down in 1987, we plan to shut down two other such reactors this and next year without commissioning new units to replace them. This is yet another major step towards the complete cessation of production of fissionable materials for use in weapons.

The elimination of chemical weapons is a most important problem in efforts to demilitarise international politics.

We appreciate the position of Great Britain, which has eliminated its chemical weapons unilaterally and was the first to raise this issue at an international conference. Our bilateral co-operation has been quite good.

Ashley Ashwood

Fond farewell: Mr and Mrs Gorbachev take their leave

Invitation

Soviet experts have visited the British Research Centre in Porton Down while British experts have visited our centre. We have completed the construction of a facility for the destruction of chemical weapons and intend to invite soon your representatives to visit it.

The Soviet Union will be vigorously working for an early conclusion of a global international convention on the complete prohibition and elimination of chemical weapons.

The Soviet Union has made several major steps towards transparency of its military activities.

We have already stated that we are going soon to make public our defence budget data. This will be done by the new Supreme Soviet. The difficulty here is that the non-convertibility of the rouble hampers an objective comparison of our military expenditures with those of the West. We are looking for the most appropriate way of presenting our data.

As for the numerical strength of our armed forces, I can now say the following. As of January 1 this year, they number 4,258,000 men including 1,596,600 in the ground forces and 437,300 in the navy, while missile forces, air defence troops, the air force and combat support and logistics forces account for the rest of that figure.

After the unilateral reduction of our armed forces their total strength by the end of 1990 will be approximately 3,760,000.

By way of comparison, the total strength of the US armed forces including the National Guard (in our country similar components are integrated in the armed forces) exceeds 3,000,000. It should be noted that the strength of the US Navy is more than double that of the Soviet Union.

We have published data on the military potentials of the Warsaw Treaty Organisation and Nato in Europe. They show approximate parity.

The comparison between the armed forces of the Warsaw Treaty Organisation and NATO as a whole, including strategic nuclear forces, gives the following figures for the Warsaw Treaty Organisation: 5.3 million men, 10,500 aircraft, 4,200 combat helicopters, 80,000 tanks, 160 large surface ships. Nato is superior to the Warsaw Treaty Organisation in all those components with the exception of tanks.

In short, fears about the 'Soviet military threat' are groundless.

Negotiations, and a search for compromise between major countries involved in the protracted arms race, would clear the way to a reduced level of military confrontation, fewer weapons and a less onerous burden of military expenditures.

In this regard the Vienna document and the start of the talks on reductions in the armed forces and armaments in Europe and on confidence-building measures are an event without precedent in the nuclear age. The Soviet Union is prepared to take very far-reaching steps towards a demilitarisation of Europe and in the overall European process.

Constructive

We are prepared to engage in a most constructive dialogue and co-operation with Great Britain concerning all matters relative to the Concluding Document of the Vienna meeting.

It is well known that we are opposed to unjustified linkages in disarmament matters. We do not make agreement on one issue contingent on a solution to another. But this is rather a problem of how best to organise the negotiating process. Objectively speaking, in our century everything is linked.

So, of course, there can be no doubt that if, for instance, Nato goes ahead with its programme of "modernising" tactical nuclear weapons, this is bound to affect the Vienna talks, confidence-building measures and the situation in Europe in general. This is bound to devalue much of what has been achieved under the INF Treaty.

In this context it is appropriate for me to recall once again that Britain contributed to creating conditions for making the treaty possible.

Common sense

We strongly oppose any plans for the modernisation of nuclear weapons. We are not modernising, nor do we intend to modernise them unless we are made to. I believe that common sense will prevail.

We are convinced that the time has come to start negotiations on reducing Soviet and US naval forces and those of the Warsaw Treaty and the North Atlantic Alliance.

The question of 50 per cent reductions in Soviet and US strategic offensive arms continues to be on top of the agenda of our relations with the United States. We are ready to resume negotiations at any time.

As for the doctrine of 'nuclear deterrence', I believe that it is high time that, instead of speaking of how to 'deter' others with nuclear weapons, we spoke of how to deter, to keep in check nuclear weapons themselves. It means putting an end to the accumulation and upgrading of those weapons, gradually but steadily destroying their stockpiles and ultimately their complete elimination and prohibition of their production.

We believe that it is really possible to build a safe and nuclear-free world. Undoubtedly, the road to such a world lies not only through greater openness and reliable verification. It also requires building confidence which depends on many aspects of today's international affairs.

Soviet-British relations can make a substantial contribution to these efforts. They possess an extraordinary political and historical potential supplemented by a factor which is becoming increasingly important at present — both countries are permanent members of the UN Security Council. If constructively pooled together, our efforts do not merely add up, but multiply as an international factor.

Breakthrough

Conferences on humanitarian questions and human rights could produce a major breakthrough towards new frontiers in the European process. In a few weeks' time the London Information Forum will launch this series, and the 1991 Moscow Conference will conclude it.

We see areas of agreement in Soviet and British approaches towards the settlement of regional conflicts. Here, too, some experience has been gained, but what matters most is that the leaders of both countries are prepared to explore and propose in a calm and businesslike manner their ideas and good offices to the parties concerned.

We are in favour of using Soviet-British dialogue for internationalising the economic problems of today's world. A conclave of several personalities, even influential ones, will not suffice for that. All have the right to be involved in matters which concern everyone.

As regards environmental issues, the Soviet Union will faithfully abide by existing agreements and co-operate in international programmes, and will soon adhere to those it is not yet party to.

I believe that in this area, too, many opportunities exist for enriching Soviet-British relations.

To conclude, I must tell you that our relations are changing for the better.

Both our governments have put in a lot of efforts to make this happen.

We duly appreciate the consistent efforts made by British Prime Minister Mrs Margaret Thatcher.

Certainly, all is not so simple in politics. Substantial differences and disagreements still exist. Problems could also arise in implementing what was agreed upon yesterday at Downing Street.

However, it is my impression that we have set the right guidelines. Horizons of trust have expanded. We have seen even more clearly that we are able to act in the spirit of mutual understanding and in a productive manner in upholding our national interests within the framework of the universal values of modern civilisation.

And the fact that we are different is an incentive for exchanges, co-operation and dialogue between our two states and peoples.

Guinness reorganises its top management structure

By Lisa Wood

MR ANTHONY Tennant, chief executive of Guinness, is also to take on the post of chairman after the annual meeting next month, the international drinks group announced yesterday.

He succeeds Sir Norman Macfarlane, who will continue as joint deputy chairman with Sir David Plastow, who is the present deputy chairman. Sir Norman, 63, will continue as chairman of United Distillers, the Guinness spirits subsidiary.

Mr Anthony Greener and Mr Brian Baldock will be appointed group managing directors. They head, respectively, United Distillers and Guinness Brewing Worldwide.

Mr Tennant explained: "We have two main businesses which are run separately and so it is logical that the two people running them should jointly be group managing directors."

The new structure reflects the evolving face of Guinness two years after its standing in the City – and its share price

Anthony Tennant: dual role in Guinness hierarchy

– were damaged by a Trade and Industry Department investigation into the brewer's takeover of Distillers, the scotch whisky group. The trial of Mr Ernest Saunders, the former chairman and chief executive, and several other defendants, will take place later this year.

Sir Norman, a man with impeccable Scottish credentials, joined the board of Guinness as a non-executive director in 1986 after it reneged on its commitment, made in the heat of the Distillers takeover, to name as its chairman Sir Thomas Risk, governor of the Bank of Scotland. Sir Norman accepted the post of acting chairman in January 1987 after Mr Saunders resigned.

Since then he has acted as an able fire fighter, dealing with the day-to-day inquiries concerning the criminal investigation into the former management and supervising the appointment of the new management team, including Mr Tennant, who became chief executive in March 1987.

Mr Tennant, 58, said yesterday that his appointment and those of Mr Baldock and Mr Greener as group managing directors reflected the move by Guinness from one phase into another.

On Thursday Guinness announced £521m pre-tax profits for 1988, a 28 per cent increase on the previous year.

Deloitte must reply to Abbey complaints

By David Barchard

THE INSTITUTE of Chartered Accountants has asked Deloitte Haskins & Sells, the accountancy firm acting as scrutineer in Abbey National's flotation ballot, to reply to complaints made against it by Abbey Members Against Flotation, the campaigning group.

AMAF, whose leading members include Mr Robert Perks, professor of accountancy at Aberdeen University, claims that Deloitte has not been fully impartial in handling the vote. It also says that in the transfer statement to members, the true level of net gain from the conversion has been disguised.

AMAF claims that conversion will only make a difference of £15m to the society's total assets but that the transfer statement gives a figure of £68m.

The ICA is following a standard complaints procedure. However, if Deloitte's reply fails to satisfy the rebel members of the society, there could be a formal inquiry by the institute's Professional Conduct Committee.

It is still unclear whether or not Abbey National has been receiving details from Deloitte – which also acts as the building society's auditors – about the way the ballot is going.

Abbey National's board has denied that it has received that information, but Deloitte has not disputed press reports earlier this week in which it said it had given details of the progress of the vote to the society.

Mr Alexander Sandison, vice chairman of AMAF, said yesterday that he was still receiving complaints from members of the society who had not been sent ballot papers.

"I have had about 50 complaints in the last three days," he said. "Most of the members said they had considerable difficulty contacting us as Abbey National branches refuse to give members AMAF's address."

Postal votes in the ballot must be deposited with branches of the society by midday today. On Tuesday, the society will hold an extraordinary general meeting at Wembley, London, at which the result will be announced.

For the flotation to proceed, at least a fifth of Abbey National savers must vote in the ballot and, of those, 75 per cent must be in favour. Of borrowers, a straightforward majority is required. It is believed to be the largest single ballot in the UK on a non-political issue.

If the vote is in favour, and consent for flotation is then confirmed by the Building Societies Commission in May, Abbey National intends to become a public company in the summer.

New-style manager in the fiefdom

Terry Dodsworth traces the career of Plessey's heir apparent

MR STEPHEN WALLS, chief executive-elect of the Plessey electronics group, is a striking example of the new breed of UK managers.

At 41, he has achieved a great deal at a young age. He is already a veteran of several takeover battles and is familiar with the frenetic in-fighting of the American acquisitions scene. He has an international outlook, forged through 12 years' work in Africa and the US and maintained by his house in Connecticut.

Further, he has a pragmatic, objective approach to business which is a far cry from the old school ties and filial loyalties that used to characterise much of British management.

Mr Walls' evolution into an archetypal mid-Atlantic professional manager began at an early age. He has always shown a certain impatience with the steady progression of a normal career, having left Morecambe Grammar School in Lancashire to go straight into an accountancy firm rather than to a university.

He worked for a time for Deloitte, the large accounting group, and had a year at Vernons, the football pools company, looking at the possibility of taking it public. But at 29 he rebelled against the UK tax regime and the unadventurousness of British business and left to joint the Chesebrough-Pond's health care group in South Africa.

"I found it difficult at that time to countenance working in the UK with the draconian tax structure and the astonishing difficulty to progress in companies, either economically or against the entrenched attitudes of management."

Steven Walls (right) and Plessey chairman Sir John Clark

Mr Walls is unquestionably a convert to Thatcherism. He says, indeed, that he delayed his decision to return to Britain until the initial count of the last election was coming in and it was clear that the Prime Minister would be re-elected.

"There is an enormous difference in the Britain of today and the one I left," he says. "There is much greater directness in the way companies are run and much stronger emphasis on the bottom line of profits. Companies have also become more concerned about international issues, give more attention to developing people and are prepared for change."

But how does all of that relate to Plessey? The company has been run for the last three decades by Sir John Clark, son of its founder, and is often regarded as a family fiefdom of the old school.

Sir John has certainly maintained unchallenged primacy in the group since 1972, when he first took up the combined role of chairman and chief executive. The fact that several pretenders to his crown have departed earlier than expected has fuelled doubts among outsiders about his willingness ever to give up control.

Mr Walls gives two answers to those questions over his future with the group. First, he says, Plessey is a company that is on the move. He was astonished when he arrived, he says, by the fact that it was much smaller than he had thought from its reputation and less international than it ought to be. Yet it had a strong balance sheet that had enabled it to embark on a process of international growth through acquisition.

Second, Sir John's decision to give up the chief executive role means that the management succession is now set out in an orderly fashion – provided, of course, Plessey is not taken as a result of a renewed bid from the General Electric Company and Siemens.

Everyone at Plessey concedes that Sir John has a deep emotional attachment to the group. But over the next 12 months, the two men are aiming to work out a modus vivendi for the day when Walls takes over the day-to-day management control.

Insiders say that Walls' great skill is in exercising managerial power. He moved up from finance director to managing director in November without posing a challenge to Sir John. The two men talk for an average of two hours a day. Then Mr Walls goes away and gets on with whatever has been decided, rather than insisting on his own prerogatives.

Mr Walls is well aware, however, that the takeover threat hanging over the company may rob him of his new job before he has the chance to take it on. On that, he says he is the pessimist in the group on the impending Monopolies and Mergers Commission report.

However, if that happens the one sure thing is that he will fight vigorously to achieve the best deal for Plessey shareholders: either independence or a stiff price for the predators.

Big decline in house building

By Andrew Taylor, Construction Correspondent

BUILDERS started work on 18,500 houses in Britain during February, 1,100 fewer than in February last year, according to provisional figures published yesterday by the Environment Department.

The decline reflects the slowdown in the housing market, which has affected much of the southern part of the country. House sales and prices in the north have so far remained buoyant, say house builders.

The department said that housing starts in the three months to the end of February, after making adjustments for seasonal variations, were 11 per cent higher than in the previous three months but only 1 per cent higher than in the corresponding period a year earlier.

House completions were 8 per cent higher than in the previous three months but 3 per cent lower than in the corresponding three months a year ago.

According to house builders, sales in the south fell sharply in the autumn when multiple tax relief on home loans was ended and mortgage interest rates rose. Sales have picked up since the beginning of the year but remain below 1988 levels.

Some builders have forecast that private sector housing starts might fall by 15 per cent this year.

Thomson forecasts package holiday fall

By David Churchill, Leisure Industries Correspondent

A 10 PER CENT fall in the number of overseas package holidays sold this summer was forecast yesterday by Thomson Holidays, Britain's largest package tour operator.

Mr Charles Newbold, Thomson's managing director, said overall demand was "very substantially down."

However, a more optimistic view about the level of demand came from the Association of British Travel Agents, which believes that consumers are waiting for last-minute discounts. ABTA said yesterday that it expected a rush of late holiday bookings.

Thomson Holidays believed that about 2m fewer holidays would be sold this summer, although the company expected to sell the same number this year as in 1988.

Mr Newbold said the decline stemmed mainly from economic conditions, especially higher mortgage and interest rates, but holidaymakers had also become unhappy about declining standards.

"Unless we as an industry tackle this problem then the package holiday market could be in serious decline," he said.

ABTA said that a telephone survey of 2,000 adults carried out on its behalf found that some 24 per cent expected to take a package holiday this summer – the same proportion as last year.

Mr Jack Smith, ABTA's president, said: "This research confirms that the demand for package holidays is there but people who would normally have booked are delaying." He warned that if the late demand materialised, then there could be a shortage of holidays.

Pit given output deadline

By Maurice Samuelson

MERTHYR VALE colliery, in Mid Glamorgan, was yesterday given three weeks to increase its output before facing being considered for closure.

The pit's 547 miners were told that weekly output was running at only 5,800 tonnes instead of the 8,100 tonnes needed to keep it off the danger list.

Mr Terence Wheatley, British Coal's South Wales manager, said that if the targets were not achieved over the next three weeks, "no one will be in any doubt as to the seriousness of the situation."

In Yorkshire, more than 300 miners at Park Mill colliery yesterday decided not to contest the pit's closure as part of a "survival plan" to ensure continued employment elsewhere in the Denby Grange complex to which it belongs.

Court rejects claim on failed Manx savings bank

By Sue Stuart

THE CLAIM brought by depositors in the collapsed Savings and Investment Bank against former members and officials of the Manx Finance Board was struck out by the judge in an Isle of Man court yesterday.

Mr and Mrs Robert Davis of Port Erin, Island of Man, in a representative action for Savings and Investment Bank depositors, were claiming common law negligence and breach of statutory duty.

The defendants were five former members of the Finance Board, Mr Percy Radcliffe, Major Geoffrey Crellin, Mr Thomas Kermeen, Dr Edgar Mann and Dr David Moore as well as Mr William Dawson, a Manx Government Treasurer at the time of the collapse.

Manx authorities revoked the banking licence in June 1982 and the bank crashed with debts of over £40m. Some depositors lost their life savings and liquidators have so far been unable to make any payment to creditors, although they hope to do so by the end of this year.

Mr Alan Heyman, QC, had argued for the claimants that the defendants owed a statutory duty of care to the bank's depositors and had been negligent in that duty. For the defence, Mr Roger Toulson, QC, suggested the case was unsustainable and should therefore be struck out.

Passing judgment, Judge Wingate-Saul said: "I conclude that the plaintiffs do not have an arguable case in law, either on their pleaded case or on the amendments. I therefore strike out the plaintiffs' claim."

● Last week, the Isle of Man appeal court struck out Gasco Investments' £9m claim against Savings and Investment Bank, because it had failed to lodge £25,000 security of costs with the court.

That leaves liquidators free to pursue their claim against Gasco, Mr Jim Raper's company, relating to a £4.5m loan made to the company by the bank before its collapse.

Imports blamed as shoe job losses accelerate

By Alice Rawsthorn

THE RATE of job losses in the beleaguered footwear industry has accelerated this year because of increasing imports and erratic consumer demand.

For 18 months the industry has suffered because of a rapid rise in shoes imported from south-east Asia. Latest statistics from the British Footwear Manufacturers Federation show that the increase has continued this year.

In January the value of imports rose by 19 per cent to £78.9m. The increase in imports was concentrated in the women's shoe sector in Leicestershire and Lancashire.

By contrast, men's shoe makers have continued to benefit from healthy exports, which rose by 32 per cent to £12m in January. However, as indicated by Church & Co's fall in profits, the dollar's decline has affected exports to the US.

The federation says retail demand showed a "modest improvement" in January. Nevertheless, the UK industry faced a fall in orders. The value of UK manufacturers' orders fell by 9 per cent to £84.2m in January.

The chief cause of the industry's troubles has been the strength of sterling against the US dollar, and against related south-east Asian currencies. That has made it less profitable for the south-east Asian footwear industries to sell to the US and easier for them to enter the UK market.

The federation has joined its European counterparts to lobby the European Commission for the introduction of restraints on footwear imports from South Korea and Taiwan.

Meanwhile, the condition of the industry is deteriorating, especially in the more vulnerable areas such as women's shoes. Last year footwear employment fell by about 5 per cent to an average of 50,000.

The rate of job losses accelerated from the autumn. By December, employment had fallen to less than 49,000. The rate of company closures is also quickening.

LORDS DEBATE ON LAW REFORM

Mackay's proposals condemned by formidable range of peers

By John Mason and Ivor Owen

PEERS YESTERDAY widely condemned the proposals in three green papers to reform the legal profession in England and Wales as likely to undermine the judiciary's independence, to lower solicitors' and barristers' standards and to reduce public choice and access to law.

In a day-long debate the proposals came under cross-party attack from a formidable range of former Lord Chancellors, law lords and other peers.

However, Lord Mackay of Clashfern, Lord Chancellor, defended his green papers, insisting the measures would improve access and ensure that services were of the right quality for clients' needs.

Lord Lane (Ind), the Lord Chief Justice, attacked the proposal for an advisory committee on the licensing of advocates. He said that the committee, which would be appointed by the Lord Chancellor, placed at risk the judiciary's independence from government.

It was a mechanism that threatened to give the Civil Service control over which barristers or solicitors appeared in court and how they behaved.

He said extension of executive control and loss of freedom seldom happened overnight.

He warned his listeners: "Oppression doesn't stand on the doorstep with toothbrush moustache and swastika armband – it creeps up insidiously. It creeps up step by step." All of a sudden the unfortunate citizen realised freedom had gone."

Lord Lane said the proposals would do nothing to achieve their aims of reducing delay and expense for the public, and were likely to increase both.

He attacked the lack of consultation before the papers were published and the three-month consultation period allowed after publication by the Government.

He said it would have been courteous had judges been consulted before the Lord Chancellor announced proposals "to disembowel the system."

Lords Lane (left) and Hailsham (right): attacks on Lord Mackay's proposals

The language in the green papers betrayed the influence behind them: terms such as cost-effective and discipline of the market were classic Department of Trade jargon, he said.

They were badly drafted and failed to deal with complex relationships, standards of integrity and concepts of freedom that went far beyond the marketplace and its limitations.

Lord Hailsham (Con), a former Lord Chancellor, gave a warning against introducing too much competition into the legal profession. Lawyers were already competitive. The profession could not be treated "like a grocer's shop in Grantham."

He said the suggested contingency fees, where lawyers would only be paid if they won the case, were inherently immoral and corrupting.

He warned against lifting curbs on allowing solicitors to appear in higher courts. The differences in solicitors' and barristers' work had evolved over centuries. The delicate balance between them provided a monitoring function.

He also questioned the role of the advisory committee, saying that it placed the profession's development in legally unqualified hands.

He said: "The independence of the judiciary does depend on the independence and integrity of the legal profession."

Reform had to be cautious and the timetable for consultation with the profession had to be extended.

Lord Mackay said government had to intervene to resolve the impasse reached by the Bar and Law Society over rights of audience in higher courts.

The principle underlying the proposed system of certification and removing the restrictions on solicitors appearing in courts was that an advocate should be competent and governed by an appropriate code of conduct.

However, he denied that the statutory framework to be set up would be liable to abuse by government, because the remedy of a judicial review would be available.

The advisory committee would advise on which professional bodies would grant advocacy certificates, not grant them itself. The bodies would be left to draft the codes of conduct.

He also denied that the Bar would suffer as a result of solicitors' advocacy rights being increased. He said the Bar, in all courts and tribunals where it shared rights of audience with solicitors, had prospered.

The Bar's independence was not threatened, he insisted. The proposals should make the profession more financially attractive, while it was independence of mind that mattered most.

Lord Mackay emphasised the papers' consultative nature. He declared: "If it is thought that I have gone wrong, I should like to hear what I should be doing instead."

Lord Elwyn Jones, QC, the former Labour Lord Chancellor, said the reforms involved issues of constitutional importance, and the independence of the judiciary had to be protected.

He said: "I well remember in my days in Nazi Europe, the fascist countries before the [Second World] War, the first casualties inflicted by authoritarian regimes were the independence of the judiciary and of the legal profession. There must be no surrender of that."

The papers failed lamentably to set out how their aims of increasing the availability of legal services were to be achieved.

Lord Elwyn Jones said: "Reliance on market forces and the discipline of the market – which is the essential theme of the green papers – have never provided adequate legal services for our people as a whole. There is no reason to think that they will hereafter."

He criticised the Government for failing to fund the legal aid programme adequately. The number eligible for legal aid had fallen since 1979. A rising number of solicitors and barristers was giving up legal aid work because the pay was unattractive.

For many, Citizens Advice Bureaux and law centres were the main point of access, yet were chronically underfunded. He said inadequate financial provision for such access to the law would have adverse consequences for the community's social cohesion.

Lord Hutchinson of Lullington, QC (SLD), said the proposals were "a cost-cutting exercise based on political ideology dressed up as radical reform." Recruitment to the bar had already suffered since the papers were published.

Lord Havers, another former Conservative Lord Chancellor, said the separate roles of solicitors and barristers should continue. The legal profession was open to change but it should be of an evolutionary nature, he said.

Lord Murray of Epping Forest(Lab), a former general secretary of the Trades Union Congress, welcomed what he called the late conversion of some peers to the idea that consultation and proper study should precede significant changes in long-established practices.

He said the Government was meting out the same treatment to the legal profession as had already been applied to trade unions, local authorities, education and the National Health Service, which "interfered with the wash of market forces over the economy and society."

Lord Rawlinson of Ewell(Con), a former Attorney-General, said he would resign the Conservative Party whip if a bill were to be introduced to enact the papers' proposals.

He deplored the fact that "two great legal figures," the Lord Chancellor listening from the Woolsack at one end of the chamber and the Lord Chief Justice speaking from the cross-benches at the other, should have been in direct opposition on such vital matters.

Lord Rawlinson complained that the Government was obsessed with the application of market forces. It was, he said, a sad, sad thing that the Lord Chief Justice had not been consulted.

He contended that the proposals in the papers must have been authorised by the Cabinet, and asked who had advised the Lord Chancellor that he should not immediately consult the Lord Chief Justice.

Lord Donaldson of Lymington (Ind), the Master of the Rolls, emphasised that acceptance of the need to maintain the independence of the judiciary alone was not enough.

It was necessary to maintain the independence of the entire judicial process and this involved providing independence for the legal profession from governmental, as distinct from parliamentary, pressures.

Lord Donaldson argued that primary legislation and not statutory instruments should be used to impose any changes on the profession, so that the proposals could be properly considered and, if necessary, amended by Parliament.

He described as profound his anxiety for the future of the rule of law if the Government were to be given the powers it sought. He said that, if necessary, he would repeat the words used by a Labour Prime Minister to a trade union leader: "Get your tanks off my lawn."

Lord Bridge of Harwich (Ind),another law lord, said he shared the deep sense of unease, which he said was felt by the great majority of members of the judiciary, over the Government's proposals.

Any changes should be aimed at eliminating the weaknesses in the present legal system while ensuring that its strengths were maintained.

Lord Goff of Chieveley (Ind), a Lord of Appeal, said proposals to allow banks and building societies to conduct conveyancing work would mean the demise of high street solicitors.

Threat to rule of law disputed

By Ivor Owen

LAWYERS' CLAIMS that involvement of a government agency in advocate certification was a long-term threat to the rule of law were disputed by Lord Henderson of Brompton (Ind), a former Clerk of the Parliaments.

He refused to accept that the Lord Chancellor's proposals had sinister constitutional implications, and described arguments used to support the allegations as grossly exaggerated if not invalid.

He found it sad that otherwise sane, sensible and wholly admirable people should "so demean themselves by the extravagance of their utterances." He said: "I believe that they sadly damage the standing of the bench, the Bar, but I hope not permanently."

Lord Allen of Abbeydale (Ind), a former Home Office permanent secretary, accused the Bar of over-reacting with the result it had not done itself much good in the man in the street's eyes. The profession emerged determined to defend restrictive practices.

He urged critics to recognise that the publication of the green papers marked the start, not the end, of consultation. Whether more time should be provided was a separate issue.

Rejecting criticism of the suggestion that lay members serve on the proposed Lord Chancellor's Advisory Committee on Legal Education and Conduct, he said they could bring outside expertise and consider consumer interests.

Lord Goodman (Ind) dismissed many Bar fears as poppycock. It was a nice, sentimental notion that freedoms were entrusted to 4,000 people. The profession's availability must be improved.

Lord Gifford (Lab) welcomed fusion. The system worked in Australia, where an independent bar flourished.

UK NEWS

Clarke accuses doctors body of 'misinformation'

By David Thomas

RELATIONS between the Government and the British Medical Association reached a new low yesterday as Mr Kenneth Clarke, Secretary of State for Health, accused the association of alarming elderly and sick people through a campaign of misinformation against the Government's health reforms.

Mr Clarke's strongest attack yet on the BMA was made on a day when he was chased through the corridors of a Manchester hospital by unionists opposed to his reforms.

The minister was reacting angrily to the contents of 11m leaflets that the BMA is sending to all 32,000 GPs in the country for distribution.

"At the moment the BMA is spending £7m to give an entirely distorted view of the Government's proposals," Mr Clarke said.

He accused the BMA of publishing in the leaflets five inaccuracies about the reforms, including claims that doctors will run out of money, that access to NHS funds for patients would be constrained, that they would not be free to prescribe all necessary medicines and would be forced to take on more patients than they could cope with.

Mr Clarke added: "I do not know how the BMA had the nerve to put in their pamphlet the scandalous and untrue claim that 'the Government wants to encourage NHS hospitals to . . . cut back on the range of care they can provide.'"

Casting doubt on whether the BMA's campaign observed the standards of integrity expected of such a body, the Health Secretary said: "I appeal to the BMA to join with me to get the whole discussion back on to a sensible and rational basis."

In response, the BMA stated that it stood by every word in its leaflet. It described the supposed £7m cost of its campaign as "a figment of Mr Clarke's imagination," although it declined to divulge the cost.

Dr Michael Wilson, chairman of the BMA's general medical services committee, added: "It would be nice not to have to spend a single penny informing the public of the damage that is being proposed for the health service."

Mr Clarke issued his statement on the BMA's campaign during a visit to Hope Hospital in Salford, Greater Manchester, where he was pursued by health service workers and unionists angry that he had refused to meet them.

Mr Mike Graham, an official with the north-west region of the TUC shouted: "Why are you afraid to talk to us, Mr Clarke? This is pathetic."

Before being ushered away, Mr Clarke told them his visit had been arranged at short notice. "I have no time to spare for a political barney."

Mr Clarke later, told a press conference he had held constructive talks with members of the medical profession and it would have been better if the unions had acted similarly.

Arthur Scargill: charade by the Government

Scargill says N-power is threat to trade deficit

By David Green

EXPANSION OF nuclear power at the expense of the coal-mining industry would be disastrous for UK energy economics and electricity consumers, Mr Arthur Scargill, president of the National Union of Mineworkers, said yesterday.

Nuclear power, together with imports of oil or gas, would result in a steadily worsening balance of payments deficit, he said.

Mr Scargill was making a statement to open his union's evidence at the inquiry into plans for Britain's second pressurised water reactor (PWR) nuclear power station, Hinkley Point C in Somerset.

He said the Government intended to provide artificial protection for nuclear power after privatisation of the electricity supply industry by requiring that a proportion of energy be supplied from non-fossil fuel sources.

It was a policy contrary to the free market approach the Government had pledged to pursue and would place a heavy burden on electricity consumers.

Mr Scargill said it was an extraordinary charade for the Government to claim that privatisation would increase competition and reduce prices to the consumer.

Competition between the Central Electricity Generating Board's successor companies, National Power and PowerGen, might result in instability of the national grid system. That would be avoided by collusion in fuel charges and electricity prices.

The fact that nuclear power was considerably more expensive than coal-fired generation had come to light only as a result of the privatisation proposals, he said.

The Government was determined to reduce the size of the coal-mining industry and the effectiveness of the union.

The expansion of nuclear power was to take place at the expense of the deep mine coal industry, Mr Scargill said.

Desperate attacks were being made on a coal industry that was both viable and economic, he said.

Britain possessed more than half of Western Europe's recoverable energy resources but those assets were being squandered.

Mr Scargill called for a policy based on advanced coal technology, combined heat and power schemes and renewable energies, such as wind and tidal power.

Mr Tony Benn, Labour MP for Chesterfield, a witness for the union, told the inquiry that during his term as Energy Secretary, officials lied to him about the cost of nuclear power.

He said he did not believe ministerial assurances that plutonium from UK civil nuclear power stations had never been used for military purposes.

Mr Benn claimed the civil nuclear power programme was primarily motivated by a desire to obtain plutonium for weapons.

Change in counselling for small businesses likely

By Ian Hamilton Fazey, Northern Correspondent

THE GOVERNMENT expects to stop offering free counselling and subsidised consultancy for small businesses through its Small Firms Service, Mr John Cope, Employment Minister, made clear yesterday.

That would happen as the new Training and Enterprise Councils were set up under the control of industry and commerce over next three years, he said.

The SFS has long operated two types of service for small business, one offering information and the other using consultants to visit businesses and advise them on solving problems.

Addressing a conference of chairmen of enterprise agencies in Sheffield, Mr Cope said: "We shall continue the information side of the Small Firms Service in regional offices.

"But on the counselling side the TECs will be responsible for making sure that counselling support for small businesses in their areas will be sufficient. It will be for each TEC to decide whether to hire individual counsellors."

TECs were launched on the private sector by the Prime Minister last month. There are expected to be about 80 in England and Wales and another 20 in Scotland.

Each will led by the private sector and given funds for industrial and enterprise training in an area probably containing a total workforce of about 250,000.

The TECs will take over the running of the Youth Training Scheme, Employment Training and the Enterprise Allowance Scheme, and are expected to develop small business training services. The Government has asked industry and interested parties to form groups and bid for TEC contracts.

The chairmen's conference was called to debate the future of the 300 enterprise agencies.

Mr Cope said the agencies could stay independent if they wished, but the consensus of their chairmen was that it was strategically critical to become part of the TECs.

Rate rise 'hits flotations'

By Andrew Hill

PEAT MARWICK McLintock, the accountancy firm, yesterday blamed interest rate rises in the latter part of 1988 for a sharp decline in stock market flotations during the first quarter of this year.

In the first three months of 1988, 36 companies were floated on the main market and Unlisted Securities Market. That figure has halved in the opening quarter of this year.

Mr Ray Mackie, the PMM partner responsible for new issues, said interest rate rises had "certainly played a contributory role in denting the confidence of sponsors and potential entrants to both markets." The reaction to economic changes was delayed, Mr Mackie added, because preparation for a new issue began at least six months before the flotation date.

He said the decline in new issues might persist into the second quarter.

Funds raised on the two markets have also dropped, from a combined total of £297m up to March 1988 to £100m in 1989, although figures for the first three months of last year were slightly distorted by big issues for London Forfaiting, UK Paper and AMI Healthcare.

Judgment on packaging group merger delayed until next week

By Raymond Hughes, Law Courts Correspondent

MB GROUP must wait until next week to learn whether it is to get High Court consent to its plan to merge its packaging arm with Carnaud, the French packaging company.

When the hearing ended yesterday Mr Justice Harman said he would try to give his judgment early next week.

The judge, who had been referred to a series of cases on company law dating back to 1852, said: "Given the number of books and the weight of the matter I feel I cannot just deliver it off the cuff."

MB is asking the court to sanction a scheme to bring about an £830m merger between Metalbox Packaging and Carnaud that will create Europe's largest packaging group.

The scheme is opposed by Elders Investments, a subsidiary of Mr John Elliott's Elders IXL brewing, farming and finance group. Elders holds 5 per cent of MB's ordinary shares and a 25.06 per cent blocking minority of MB's 16.6m warrants. That entitles it to buy another 1.2 per cent of the shares.

It is expected that whatever the judge rules, his decision will be challenged in the Court of Appeal. That might cause yet more delay in the implementation of the merger, which had first been intended to take effect on April 1.

MB acknowledges that the scheme, which involves a capital reorganisation, breaches covenants in its contracts with its warrant holders to keep available enough unissued ordinary shares to satisfy warrant holders' rights, and to use its best endeavours to maintain a Stock Exchange listing for its ordinary shares.

Winding up MB's case yesterday, Mr Richard Sykes, QC, said that Elders had lost its opportunity to prevent a breach of covenant on February 24, when the scheme was approved by an overwhelming majority of MB shareholders. Elders had been aware since at least February 16 of what was being proposed, he said.

Elders' contract, however, was not a normal one. The company's only right was to obtain on payment a share of MB's equity. It could not now obtain specific performance of its contract unless the shareholders co-operated; its only remedy was damages.

The appropriateness of damages as a remedy was underlined, Mr Sykes said, by the availability to Elders of various alternative offers. The level of acceptances by other warrant holders was evidence that they had been fair.

Mr Sykes said damages were appropriate also because the scheme had received overwhelming support from the holders of shares and other securities issued by MB.

In addition, the scheme was "one that an intelligent and honest man might reasonably approve" and shareholders had been properly informed.

THE DOCK LABOUR SCHEME DISPUTE

Liverpool chicks hatch plot to keep scheme

John Gapper reports on the Merseyside men's refusal to surrender to change

MR TONY Jones and Mr Phil Cawley, who at 8.30am yesterday went on unofficial strike in defence of the National Dock Labour Scheme, are known by their fellow registered dockers in the Port of Liverpool as "day-old chicks."

Both men are 41, and thus among the youngest of the 1,300 registered dockers in Liverpool.

They were among the 400 men taken on in 1973, the last year that the Mersey Docks and Harbour Company recruited dockers.

When Mr Peter Baker, 45, joined the register 25 years ago, there were 18,000 registered dockers in the city. It took two 20-man gangs three days to unload 1,000 tonnes of grain then. Today, it takes two men and a machine an hour.

"When you walked down here at 8am, it used to feel like you were going to a football match, there were so many men around you," said Mr Baker. "Now you are a lonely man when you go to work."

The three men, all crane operators, were reflecting on the dock's history as they sat in a community centre which used to be Cunard's victualling warehouse. Deckchairs for the Queen Mary were made where there is now a car park.

The walk-out by dockers yesterday left 19 ships in Liverpool which could not be unloaded. The dockers expected to decide their next move on Monday, in the light of the Transport and General Workers' Union decision on national policy.

Liverpool docks, "where walking to work used to feel like you were walking into a football match."

The working part of Liverpool Docks today stretches a mile along the Mersey in the suburb of Bootle. It used to run for nine miles past Jesse Hartley's Albert Dock in the heart of the city, now converted to flats and a museum.

Today, the port handles about 7.3m tonnes a year and is the eight largest of those in the Dock Labour Scheme. It is currently seeking a further 180 voluntary redundancies from dockers after the closure of a local stevedore company.

Each week the dockers give in their books at the docks entrance and wait to be assigned along the docks. A series of flexibility deals in the past decade means crane drivers must work as porters if required.

That has meant a virtual end to the old practice of "welting" – under which men not required for a couple of hours could adjourn to the pub. "Ghosting" – the payment of registered dockers to watch others working – is also limited.

Although technology has eased some of the arduousness of the work, it remains a tough job. "You are down there in the winter even when it is freezing and people would have walked out if they were in a factory," said Mr Cawley.

In the week after Easter, Mr Jones earned £208.58. He "signed on" – did not work – for Easter Monday Bank Holiday and one other day, earning the basic £32.20. On the other three days, he topped up the amount with piecework.

He resented the fact that the white paper quoted £350 as the docker's average weekly wage, and accused them of inflexibility. "If there is no job on the cranes, we will go below and do anything," he said.

All three were quietly adamant that 1989 would follow 1967 as a year in which Liverpool would lead national action that would preserve the Dock Labour Scheme. They saw the alternative as a surrender to the past.

Liverpool dockers were instrumental in setting up the Dock Labour Scheme. A campaign against casual work in the 1880s led to the 1912 Liverpool register of dock workers, out of which the national scheme eventually grew.

A history in the Albert Dock National Maritime Museum recalls the growth of casual work after 1850, when "men from the plough recommended counter jumpers and clerks out of collar who . . . could be moulded and handled in any way."

Mr Cawley believed an end to the Dock Labour Scheme would simply mean more dockers being employed for two or three days a week. "They say it will mean new work, but all it will really do is keep the dole figures down," he said.

Mr Baker said: "They cannot stretch us any further than they have done, but we are all getting on a bit.

"If they have an influx of new blood they will have them jumping through hoops without any of the safeguards we have now."

He was also certain that the Government faced a tough fight from dockers at the 40 scheme ports: "Some people are a bit depressed because they think we will be like the miners, but we are a different kettle of fish. We hold all the aces."

Mr Jones believed that ships which diverted from strike-bound ports would be "knocked back" from ports not in the scheme.

But the optimism was tempered by doubts about the longer term. "All you need now is someone to flatten a bit of land, put down some tarmac and erect a couple of gantry cranes," said Mr Baker. "Then he has got himself a container base."

The coal keeps coming ashore — for the time being

By Anthony Moreton, Welsh Correspondent

AT 3 O'CLOCK yesterday afternoon, dockers in Newport were unloading coal from North America carried by the Havtroll, seemingly oblivious to the furore at other ports over the Government's sudden announcement of the ending of the Dock Labour Scheme.

Newport dockers will be working over the weekend and will continue unloading Canadian timber from the Serafin Topic on Monday.

"There's good relations in this port," says Mr Tommy Doherty, chairman of the port's dockers' committee for the past six years and a docker under the Dock Labour Scheme for 25 years.

"The Government's news is not a surprise, though the timing is. The older men feel the ending of the scheme will be really distasteful, a vindictive act by the Government.

"But we don't go in for unofficial action in Newport though I guarantee that when a ballot is held the port will be rock solid behind what the union calls for."

The union is the Transport and General Workers, which operates the scheme at all five ports in South Wales.

Just over 200 men are employed at Newport, a medium-sized port with a throughput, all imports, of just over 1m tonnes of general cargo a year.

Some 180 of those men work for Associated British Ports (ABP), which owns the docks, and the rest for a small timber company.

Mr Richard Williams, the port manager, agrees that labour relations are good. But he disagrees with Mr Doherty about the consequences of ending the Dock Labour Scheme.

"Because of the scheme Newport has lost a lot of trade to the river Usk, which runs alongside our docks. Ending the scheme will allow us to become a lot more flexible and compete more effectively with the continental ports.

When Mr Doherty started work there were 750 men employed on the docks. "We are perfectly happy to accept new practices.

"All the big scheme ports have modified their practices and manning scales. It is quite easy to do this within the scheme."

It is easy to see why the Newport men are apprehensive. National Dock Labour Board figures for last year showed they earned £400 a week for a 50-hour week, good pay for this part of South Wales.

They also fear the introduction of casualisation, though ABP has said it will not do this.

Mr Brian Harding, ABP's port manager at Cardiff and chairman of the South Wales port employers, argues that the scheme is chaotic. "At Cardiff, you do not need a registered dock worker to handle cargo in the sheds. Everywhere else in South Wales you do.

"Since the union will not let us use non-registered workers we are unable to market the ports and expand them. In Barry we no longer have enough dock workers to provide the service the customer needs."

This has pushed up overtime: last year Barry's 65 employees worked an average 14 hours a week on top of the normal 40. This gave them £588 a week.

As the Newport men unloading the Havtroll and the Serafin Topic are only too well aware, that sort of money is a powerful argument for defending the scheme and the status quo.

Employers begin to plan for national strike

By Kevin Brown, Transport Correspondent

PORT employers and shippers at dock labour scheme ports were yesterday starting to plan for a national dock strike.

Few were prepared to say very much on the record for fear of provoking further "spontaneous combustion" as one employer termed yesterday's walkouts.

But the general feeling was that the TGWU was likely to win a slim majority for strike action.

Few knees were quaking, either among the employers or the shippers whose cargoes move through their ports. Most expected industrial action to be confined to the scheme ports, and claimed confidently that any strike would be ineffectual and short-lived.

This confidence reflects a sea-change which has occurred in the ports since the post-war height of dockers' power in the mid-1960s, when the union held a virtual stanglehold over UK trade.

In 1965, 92 per cent of all non-oil trade passed through scheme ports, measured by volume.

By 1974, the date of the last successful national dock strike, that was down to 78 per cent. Last year, the proportion was 70 per cent.

If cargoes are measured by value, the union's position has deteriorated even further, although figures are difficult to compare because of a change in methods of recording in 1982.

In the six years tó 1988, trade by value through scheme ports fell from 57 per cent to 47 per cent. Employers claim the comparable figure would have been around 80 per cent in 1974.

These changes have occurred largely for two reasons: containerisation, and the increasing importance of trade with continental Europe.

As a result much UK trade has moved from the West Coast to the East Coast, and away from older ports such as Liverpool and Bristol towards newer ones such as Felixstowe.

This change in trading patterns has been largely, though not entirely, to the benefit of non-scheme ports, of which Felixstowe and Dover are the most successful examples.

Nevertheless, registered dock workers are still able to claim control over 70 per cent by volume of UK trade, which would be a significant bargaining counter. But even that figure appears to exaggerate their influence.

It excludes all trade in fuel (oil and oil products, plus gas and coal) which last year accounted for 58 per cent of UK trade by volume.

Oil and oil products are excluded from the Dock Labour Scheme and are largely handled by workers employed by the oil companies and other non-port operators. They are unlikely to be involved even in a long strike.

The same applies to gas and coal cargoes, and to most liquid bulk cargoes, which includes important chemical shipments.

This means that even in the scheme ports, the dockers will not be able to stop all cargoes. For example, the Port of London yesterday estimated that only 30 per cent of its cargoes would be vulnerable to a strike.

Associated British Ports, which runs 19 scheme ports and controls 25 per cent of UK ports capacity, estimated that up to 50 per cent of its cargoes could continue to flow.

On the other hand, the dockers may be able to stop much of the 50 per cent of the containerised cargo which moves through scheme ports.

There would also be a major impact on dry bulk cargoes, which includes commodities such as cereals, animal foodstuffs, clay, minerals, aggregates and iron ore; on movements of cars; and on general (uncontainerised) cargoes, which vary from forest products to newsprint.

However, the industry is much more fragmented than in 1974, and many of these cargoes could be diverted to non-scheme container and roll-on roll-off ports, to small ports along the South Coast, and to the many wharves along trading routes such as the Trent which have grown up to take advantage of the restrictions placed on nearby scheme ports.

Non-scheme ports which were being identified yesterday as possible destinations for diverted bulk cargoes included Exmouth, Teignmouth, Milford Haven, Peterhead and Perth. There was a long list of potential roll-on roll-off and container ports destinations, including Ramsgate, Dover, Felixstowe, Portsmouth, Folkestone, Newhaven, Shoreham, Milford Haven, Fishguard and Heysham.

Diversion of container and roll-on roll-off cargoes is relatively easy since all that is required is a ramp or crane and some stacking or parking space.

However, some cargoes might have to be bought in via a Continental European port because of a lack of deep sea berths at the smaller ports.

There could be other problems, too: Felixstowe, for example, is thought to be operating virtually at capacity, and shippers would face higher costs if they had to move goods over longer distances by road or rail.

The most serious problems would arise if the transport union was able to extend the strike, even intermittently, into the non-scheme ports. But this is another area where there have been important changes since 1974.

Employers were making clear yesterday that they would not hesitate to go to the courts to prevent any secondary action, or attempts to close ports through mass picketing.

"People are well aware of what is happening and they are planning for it. They are not going to do nothing and wake up one morning and find themselves in the middle of a national dock strike," said one employer.

The employers also count on the relative prosperity of many dockers, especially in non-scheme ports on the east and south coasts, to work against any sense of solidarity.

Some based their optimism partly on the events of 1984, when dockers in scheme ports such as Immingham joined non-scheme dockers in refusing to strike in support of the National Union of Mineworkers.

MAIN DOCK LABOUR SCHEME PORTS

	Cargo handled 1987 ('000 tonnes)
London	27,753
Immingham/Grimsby	14,561
Tees and Hartlepool	14,451
Medway	9,108
Clyde/Ardrossan	7,648
Port Talbot	7,616
Liverpool	7,291
Tyne	6,330
Southampton	5,624
Hull	5,291
Manchester	4,234
Ipswich	4,047
Main non-scheme ports	
Felixstowe	13,112
Dover	10,644
Ouse, Hull and Humber, Trent	6,168
Portsmouth	2,410
Harwich	2,345

Figures exclude crude oil and oil products
Source : DoT Port Statistics, 1987

Fish landing to continue at Aberdeen for five days

By James Buxton

A STAY of execution for the landing of whitefish at Aberdeen was agreed yesterday to allow both sides in the dispute over dockers' pay and conditions to absorb the implications of the Government's decision to abolish the Dock Labour Scheme, which covers Aberdeen.

Fish will continue to be landed until next Friday by Aberdeen Harbour Board.

Before the Government's announcement, a week of intermittent negotiations with the Transport and General Workers Union under the auspices of Acas, the Advisory and Conciliation Service, had failed to reach a solution.

No date has been fixed for the resumption of talks. Both sides wanted to "re-evaluate the situation," the board said.

Last month the board said it would withdraw the fish landing service at the end of last week after breaking off negotiations with fish porters. It would then have been illegal, under the scheme, to unload whitefish at the port.

The board said the fish porters were asking for an "extravagant" pay increase and wanted the number of porters employed to be reduced from 86 to 45. Acas stepped in last week at the eleventh hour.

Mr Robert Milne, of the Aberdeen Fish Merchants and Curers Association, said: "We will survive, because we know that the situation is going to be resolved within a short time."

Uneven protest action hits ports

By Fiona Thompson, Labour Staff

TWO of Britain's biggest docks, Tilbury and Liverpool, were among those facing strike action yesterday as dockers made spontaneous protests against the plan to abolish the Dock Labour Scheme.

The 916 registered dockers at Tilbury, Essex, which handles 6.5m tonnes of cargo a year, were all out. Container workers were expected to return to work today and the rest were due back on Monday.

In Liverpool, which handles 7.3m tonnes of cargo a year, 1,100 dockers walked out. At nearby Garston, the 110 registered dockers all stopped work. Garston deals with about 1.5m tonnes of cargo each year.

In Southampton, 680 dockers came out despite urging by TGWU officials to wait until Monday's meeting of the union's national docks committee. Southampton handles 5.6m tonnes of cargo. In Bristol, 490 stopped work but were expected to return on Monday. At Sharpness, 47 dockers came out, but in South Wales all dockers worked normally.

In Glasgow, 60 dockers came out but the 600 registered dockers at other Scottish ports worked as usual.

In the Manchester Ship Canal, which handles 4.2m tonnes of cargo a year, 38 dockers were out at Ellesmere Port, 28 at Runcorn and 17 at Weston Point. In Fleetwood, with 1.8m tonnes of cargo, the 44 registered dockers walked out.

At Tyne docks, with 6.3m tonnes of mainly bulk cargo, all 79 dockers were working normally. It was the same at Sunderland with 31 dockers. At Hull there was no action and at Tees & Hartlepool the 300 dockers worked normally.

In East Anglia, the 100 dockers at Boston were at work and the 50 at Kings Lynn decided to stay at work. The 120 dockers at Ipswich, the fourth largest container port in the UK handling 4m tonnes a year, decided to await the outcome of Monday's meeting but stressed they would support a strike call.

At Lowestoft and Great Yarmouth the 130 dockers were working normally and at Medway, 350 dockers decided against immediate action.

At Felixstowe, biggest of the non-scheme ports, dockers were waiting for a delegates' conference. The 120 dockers in the Plymouth area were to meet tomorrow.

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The risks of complacency

THE GATHERING of finance ministers in Washington this week spent most of its time on international indebtedness. With the Japanese minister, Mr Tatsuo Murayama, detained by his Government's "little local difficulty", not much that is new could have been said about international macroeconomic co-ordination, in any case. In the event, the Group of Seven industrialised countries (G7) released an anodyne communiqué, calling for more fiscal virtue in the US, Canada and Italy, a reasonable degree of dollar stability and stout resistance to protection: in other words, business as usual.

Casual inspection of the IMF's latest World Economic Outlook might well have encouraged their complacency. Whether through luck or design, the co-ordination process has achieved significantly more than many expected. In particular, the depreciation of the dollar between 1985 and early 1987 has been followed by more than two years of reasonable exchange rate stability. Not that the stability has been perfect, with dollar depreciation in 1987 and recovery (especially against the D-Mark) in 1988, but it has been considerable.

More important, the world economy has enjoyed sustained non-inflationary growth, particularly last year. Contrary to the gloomy forebodings at the end of 1987, the growth of world output (as well as that of the industrial countries) was 4.1 per cent in 1988, following 3.2 per cent the year before. Meanwhile, the rate of inflation (as measured by the deflator for the gross national product of the industrial countries) rose to 3.1 per cent, fractionally above the 2.9 per cent recorded in 1987. The rise in inflation so far has been modest, especially in view of the declining unemployment and high rates of capacity utilisation in many industrial countries.

Liquidity glacier

Is this too good to last? It is clear from the IMF's analysis that, to the extent that macroeconomic policy has been the cause of the rapid growth, it has been monetary rather than fiscal policy that has mattered. The outcome of the long period of monetary expansion is that what the IMF calls the "liquidity ratio" is now about as high as in 1972, not a comfortable precedent. With this liquidity glacier creaking in the background, policy-makers could not afford to be complacent about inflation and for the most part they have not.

The other concern is the surpluses and deficits in the current accounts of the major countries. It is on this that the IMF's view is most disturbing. The IMF now projects the US current account deficit to rise from \$135bn in 1987, to \$139bn this year and \$157bn next. Meanwhile, the Japanese surplus is projected to increase from \$80bn in 1987, to \$84bn this year and \$94bn next year and that of West Germany from \$49bn last year, to \$50bn this year and \$51bn next year.

In short, the adjustment of the global current "imbalances" is expected to cease. Even last year the decline in the US current account deficit had its most obvious counterpart in the increase in the UK deficit, not quite what was in the mind of policy-makers.

Accustomed style

One response is to yawn. It can be argued that financial markets have become accustomed to the scale of the deficits. Furthermore, Japan may have the same nominal surplus in dollars as in 1986, but it has fallen from 4.3 to 2.8 per cent of GNP. Keeping the US in the style to which it has grown accustomed is now much cheaper than before. Finally, the achievement of exchange rate stability has itself encouraged a sustained long-term capital outflow from surplus countries.

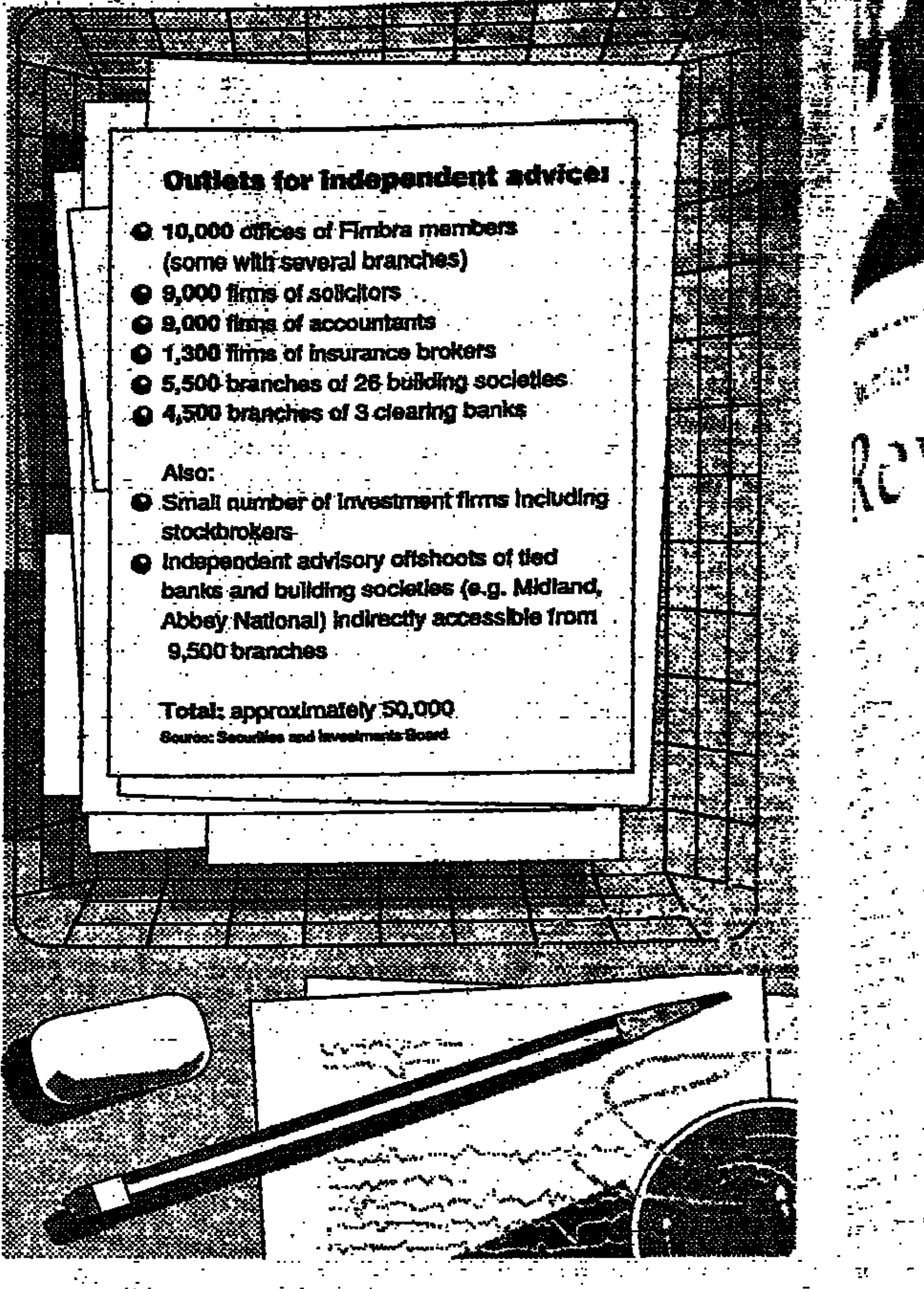
Thus can the complacency of the ministers of the G7 be sustained. Nor is it bound to be wrong. Nobody knows what either a sustainable stock of international indebtedness or a sustainable flow of new borrowing is for countries like the US (or even the UK) in a world of free capital flows. But the risks are obvious. Xenophobic protectionism is one, and a currency collapse, perhaps triggered by such protectionism or by the fear of inflation, is the other. Either way the damage would be huge. However small, the risk must not be run.

One possible response would be another appreciation of the yen (combined with a further fiscal stimulus). Action by West Germany is less important in this context. Europe as a whole is not in current account surplus, the issues raised by the German surpluses being essentially an internal European matter.

But the action that is required before all others is, as it has been for years, a major and progressive adjustment in US fiscal policy. To state this requirement merely underlines why complacency remains the public stance of the G7 ministers. All of them (including, unfortunately, Mr Nicholas Brady, the US Treasury Secretary) are powerless to resolve the main obstacle – the US political process.

Barry Riley looks at the future for independent financial advice in the UK

The price of putting the client in the picture



"THE PUBLIC will suffer." The words happen to come from Malcolm Murray, who runs Albert E. Sharp Financial Services in Birmingham. But they could have been spoken by any one of thousands of independent financial advisers (IFAs) in Britain.

Most IFAs are up in arms at what they regard as the one-sided disclosure regime being proposed by the Securities and Investments Board (SIB). The final details have yet to be published, but from the beginning of next year independent intermediaries will be required to reveal to clients the size of their commissions on life assurance contracts and other collective investment schemes. Company salesmen, however, will not need to provide this sort of information.

Coming on top of the huge increase in costs which has already been imposed by regulations introduced under the Financial Services Act 1986 (FSA), many fear a sharp drop in the number of independent intermediaries.

But although this is being presented as potentially damaging to the public, it was always inevitable that properly devised regulations would pose a tough challenge to the dubious legality and hazy ethics traditional to large sections of the life assurance distribution network. Putting the client indubitably first is a task that many would prefer to duck.

The independent sector is being eroded in various ways. First, many of the big building societies, one by one, are becoming tied to individual life companies. At present, for instance, a customer of the Halifax Building Society seeking an endowment mortgage or a personal pension plan will be offered one of a range of products from different companies, selected to fulfil the official criteria required for "best advice". But soon the Halifax is to tie to Standard Life, the big Scottish life office. Its staff will become exclusive representatives, able to sell only Standard products.

Second, amongst the Big Four clearing banks only National Westminster still offers independent advice, and there is no guarantee that it will sustain this indefinitely. If it ties, independent advice will virtually disappear from the High Street.

And up the side roads, small firms are being offered tempting rewards to become exclusive agents, including sharply higher commissions and upfront cash payments. None of this need be disclosed to clients. "Unless somebody does something about it pretty soon, independent advice will become very scarce," says Alan Steel, an IFA in Linlithgow, Scotland.

Not everybody agrees, however. The Financial Intermediaries, Managers and Brokers Regulatory Association (Fimbra), the self-regulatory organisation which looks after the IFA sector, says that its membership numbers are holding up quite well. It has some 9,000 member firms, and although this is expected to shrink, it will be more a reflection of the grouping of firms together into stronger units than of a desertion to the tied sector.

"Only 200 members have gone tied since January 1988," says John Pinniger, Fimbra's PR manager. "Renewals are coming in thick and fast at the moment. There is a pride factor in all this."

The role of independent advice in the sale of collective investment products in the UK is unusually strong by international standards. On the Continent, and in the US, distribution of life assurance and similar products is overwhelmingly through tied outlets and direct sales forces.

Whatever ultimately happens to the bank and building society branches, there will remain a fairly solid core of up to 10,000 Fimbra outlets and nearly 20,000 professional firms (which are required by their professional bodies to give independent advice). It may be true that most endowment mortgages will in future be sold through tied outlets, but with personal pension plans things could go the other way.

Twenty-five years ago nearly all Ordinary branch life business was transacted through independent brokers. The use of independent outlets was economical for life offices, and from the point of view of the consumer, IFAs served to stimulate the development of new products and the offering of attractive investment returns. This was in sharp contrast to the Continent, where market share has been determined primarily through the proliferation of outlets, and innovation and value for money have remained poor by British standards.

There is a fear that the UK life industry will move in the Continental direction. "It is only when the independent sector has been emasculated that people will start to complain that premiums have gone up by 30 or 40 per cent," warns Malcolm Murray.

Long before the FSA came on the scene, however, the British distribution pattern was coming under pressure. Innovative direct-selling life companies such as Abbey Life and Hambro Life (now Allied Dunbar) became successful. Aggressive companies began to offer extra-high commissions to IFAs, including features such as "volume overriders" which involved additional payments to intermediaries who brought in large amounts of business.

These changes imposed intolerable strains on the existing remuneration structure, which anyway was of doubtful legality. Independent intermediaries acted as agents of the public, and under the law of agency they should have been paid by their clients. But they were actually remunerated confidentially by the life companies.

IFAs might have had a legal defence, on the basis that they abided by the commissions agreement operated by the Life Offices Association. So long as they received industry standard payments they could be said to be acting in the interests of clients.

But the equilibrium was breaking down. The spread of undisclosed "overriders" and perks was almost certainly in breach of agency law. IFAs and the life companies had hoped the authorities would nevertheless allow continued "soft" or unspecific disclosure of remuneration which conformed to a new Maximum Commissions Agreement.

This compromise collapsed last spring, however. Sir Gordon Borrie, director general of the Office of Fair Trading, rejected the agreement as being anti-competitive. The European Commission also hammered it. Lord Young, Secretary of State for Trade and Industry, ordered the scrapping of the commissions agreement and the imposition of a hard disclosure formula by the beginning of 1990.

In the event, the SIB is only imposing semi-hard disclosure – in percentage rather than cash terms, and in a letter sent through the post rather than at the point of sale. But company salesman and tied representatives, who are outside the scope of agency law, are not being required to make any corresponding disclosures at all. Furious IFAs are accusing the authorities of tilting the playing-field.

Meanwhile the other consequence of ending the commissions agreement is becoming clear. Remuneration is being pushed upwards. The pressures are so strong that the SIB is proposing to introduce the new semi-hard disclosure regime as soon as next month, in order to encourage intermediaries to stay as IFAs rather than to decamp to the tied sector where commissions have already soared.

Who is to blame for the jump in commissions? Recriminations are flying around. The companies blame the authorities for busting the cartel. But Sir Gordon Borrie has lashed out at the companies for hypocritically undermining the agreement by paying anything up to 170 per cent of the scale commissions to their tied agents. The increases are turning basic commission disclosure into even more of a hot potato, because the life assurance industry believes that if clients become aware of the scale of such payments – which often run into hundreds of pounds per policy (and extend to some £2bn a year in aggregate) – many contracts would never be signed.

Industry lore has it that life assurance is sold, not bought. Therefore each client is expected to pay not only the reasonable expenses of handling his own business, but effectively also the cost of soliciting for several other policy sales that are never closed. Small wonder that the industry is in head-on collision with Sir Gordon Borrie, who insists that competition should be encouraged through disclosure to the client.

What should the attitude of the SIB be? Many IFAs are arguing that independent advice is a benefit to the public that should not be destroyed by bureaucratic rules. But the SIB has adopted a more robust approach, saying that it is not for the regulators to decide how the savings industry should organise its distribution system. In particular, it has refused to take seriously the idea that the size of the commission should be hidden from the client for his own good. If IFAs cannot persuade the public that their commissions represent value for money, too bad. They are handicapped in achieving this objective by the absence of any professional structure, and by their lack of an effective collective voice.

Independent intermediaries feel betrayed by the insurance companies, many of which have hedged their bets with a three-way distribution strategy, involving salesmen and tied representatives as well as IFAs. The 14 life offices which were members of the Campaign for Independent Financial Advice (Camifa), tried to stand up last year for the independents by committing themselves to sell only through IFAs. But they were knocked off this stance by the SIB's disclosure decision in December.

Brushing aside cartels and secrecy over remuneration cannot, however, be the limit of the SIB's plans. It also needs to crack the conspiracy of silence surrounding investment returns. Disclosure of the remuneration of company salesmen may not be appropriate, but the statistical smokescreen deliberately created by the life industry must be dispersed.

Astonishingly, for instance, the Life Assurance and Unit Trust Regulatory Organisation (Lautro) rules require that projections of the benefits from endowment policies and personal pension plans must be based on industry standard investment returns, with no allowance for past actual investment performance or for the cost structure of the individual office. This means that some very bad value policies are being marketed by certain direct-selling offices, against which the public has no protection.

A few better-performing offices like Norwich Union are now realising that their investment performance should be assessed by independent measurers, and discussions are now under way with The WM Company to devise a format for comparable disclosure. The SIB hopes to develop a disclosure document which would allow IFAs, the press and others to assess value right across the spectrum. This could redress some of the shift of advantage towards direct sales. It could make it easier for the public to seek out the better value companies, and reinject an element of beneficial competition. But it will take several years to get such a system up and running.

In the meantime it looks inevitable that independent advice will become more and more restricted to the upper income and wealth brackets. It is possible that accountants and solicitors will move to fill any vacuum that develops amongst their natural clientele. But elsewhere, choice may become restricted and the cost of savings products must rise.

The rationalisation of this ought to be that the man in the street is being asked to pay more because he is gaining better protection and receiving more reliable advice. But there is some way to go before he can rely upon such benefits from the new regulatory regime.

MAN IN THE NEWS

Lawrence Rawl

A practical manager caught by the public's outrage

By James Buchan

There are some names you just do not mention in Valdez, Alaska, these days. One is Lawrence G. Rawl. "I'd like to have your Mr Rawl come up here," said a local man at Valdez airport this week. "We'd roll him in his oil and cover him with bird feathers and send him down where he came from."

In the small towns on the east side of Prince William Sound, people are angry with the chairman of Exxon. They are angry about the 10m gallons of oil that poured out of an Exxon tanker two weeks ago, angry at Exxon's failure to do much about it, angry at Larry Rawl for taking ads in the New York Times and talking to congressional committees in Washington and doing everything except come to Alaska. Mr Erling Johansen, mayor of the fishing-town of Cordova, put it briskly: "Exxon hasn't done nothing."

For the environmental movement, Larry Rawl is an oilman who is plundering America's last wilderness. With revenues of \$76bn, his company is responsible for four times as much economic activity as the entire state of Alaska and it has the arrogance to match.

Wall Street thinks he is one of the oil industry's ablest managers

Says Mr David Janka, who lives with his wife and child on an island 30 miles from anybody else on the sound: "I never liked the oil companies. I always thought they were lying bastards. Now I know they are."

But for many more Alaskans, Larry Rawl is simply the sort of guy they don't like. He's everywhere in Alaska nowadays: the meddling bureaucrat from the lower 48, the guy who drives 50 miles off the highway to tell you your cess-pit is not up to code, the company man who says there's work and then hires non-union people from Oklahoma. He embodies all of Alaska's resentments against the mainland US.

For Mr Rawl, who is just about to turn 61, the crisis in Prince William Sound has a sad irony. In good times, he is an easy, shambling hulk of a man, with the standard-issue oilman's drawl and a way of cutting through nonsense. In two years at the head of one of North America's largest bureaucracies, he has ruthlessly cut out redundant management, pushed costs down and held net income at a steady \$5bn a year. In the face of turbulent oil markets, this is quite an achievement. For Wall Street's money, he is one of the industry's ablest managers – maybe, the ablest.

Nor is he cynical or reckless. Exxon's safety and pollution record is among the best in the industry. Mr Larry Holmes, who used to work for Exxon in the offshore Gulf of Mexico and is now president of an independent company in Houston, says: "Exxon is the industry leader for pollution control. I tell you that the quickest way to get fired offshore for Exxon was not to report an oil spill."

Mr Rawl says that the first responsibility for fighting the spill was with Alyeska Pipeline Services, the consortium including Exxon which runs the pipeline from the North Slope oilfields to Valdez. He says that Exxon could have broken up the oil by spraying dispersants on the morning after the spill, but was held up by dithering by the authorities until the evening of the following day, a Sunday. "I say: if there's no reason not spray, then we should have sprayed. It's better to get up in a damn airplane and take a chance."

But the message is not getting across well. In the clamour of criticism from the people in the Sound, the state and the press, Exxon is not being heard. In a 20-minute conversation yesterday morning, his sentences broke off or lost themselves in thickets of detail – about dispersants or containment booms – from which they could not be extricated. In one breath, he took responsibility for the spill. In the next, he blamed Alyeska or the authorities for delay. "I think we handled it about as well as we could have handled it," he said. "We're taking the rap. But we didn't delay the response."

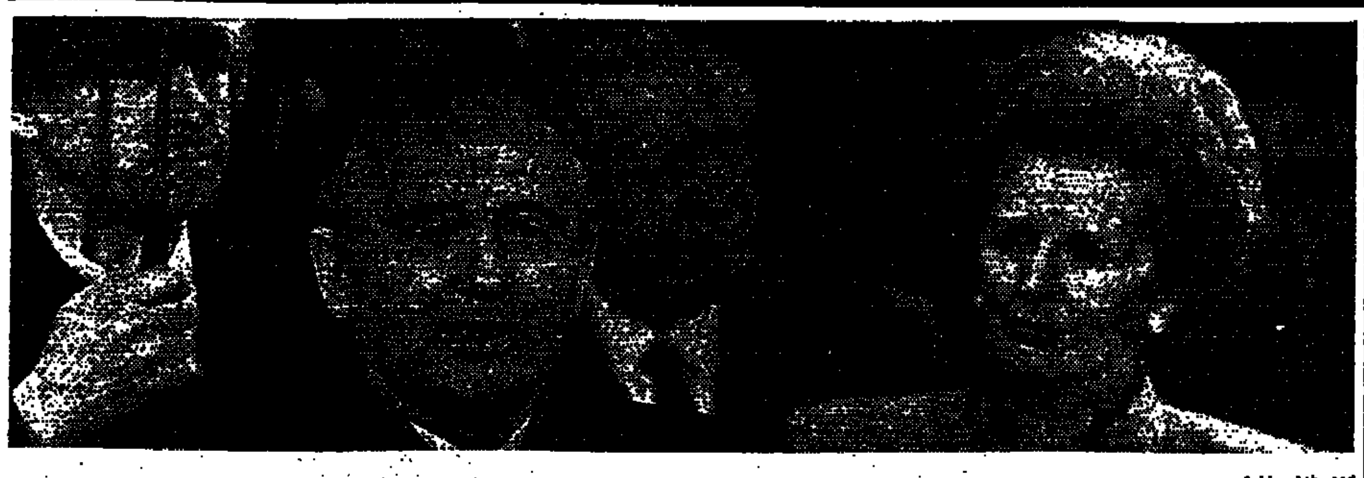
Even his own industry is sceptical. People keep saying that little Ashland, the Kentucky refiner, did a much better job when a million gallons of its diesel fuel burst out of a storage tank into the Monongahela River near Pittsburgh on January 2 of last year. Ms Carol Epstein of Petroleum Analysis, a New York consultant, says: "John Hall [chairman of Ashland] stepped right to the fore, went to the site and admitted responsibility. With Exxon, the public relations effort is very erratic: they take responsibility, then they blame the Coast Guard. I think it's best if the industry just faces up to this instead of making excuses."

Mr Rawl is the son of a New Jersey truck driver. He has been 37 years with Exxon. Before that, he was in another large and disciplined institution, the US Marine Corps. He appears to be superb at the deployment of the organisation's cash or management assets and to encourage similar managers, such as Mr Frank Iarossi, the company's chief man in Valdez. There is probably no company in the world that would have done so well finding boom or skimmers scattered round the world and ferrying them to Valdez. No company will be so effective in ensuring the right people, and only the right people, are compensated.

But these are organisational virtues. For all his reforms, Exxon and Mr Rawl seem to lack imagination. They failed to predict the impact of the spill on opinion in Alaska and the rest of the US. And they have failed to come up with the sort of grand gesture that might recapture the debate from their critics. Asked why he wasn't up in Valdez, Mr Rawl answered in his typical practical fashion: "It's a very difficult operation up there. Every time someone like me shows up, it diverts people from the clean-up."

It is not an approach that wins hearts or minds.

To critics, he is plundering America's last wilderness



Radical reformers and kindred spirits: Mikhail Gorbachev and Margaret Thatcher in London

Ashley Ashwood

Quentin Peel sums up President Gorbachev's visit to London

Revenge, not rabbits

They still talk in Moscow in hushed tones about the time Mrs Margaret Thatcher came to town, and devoured two top television commentators for tea (in a manner of speaking).

She managed to get across, live on prime-time television, all her arguments on the overwhelming superiority of Warsaw Pact weaponry, the need for nuclear deterrents, the failures of socialism and the Soviet economy, with only a few whimpered interruptions from the interviewers.

Her performance was a revelation to the Soviet audience, who had never seen politicians behave like that before.

This week Mr Mikhail Gorbachev came to London to have his revenge, in a perfectly civilised way. He came on the offensive, determined to tackle their differences head on, not to produce nice new rabbits out of his apparently bottomless disarmament hat.

He chose the full pomp and pageantry of his set-piece speech in London's Guildhall to spell out his side of the story, live on television, too. He attacked head on the British Prime Minister's insistence on modernising nuclear missiles, and her maintenance of the doctrine of nuclear deterrence. And he managed to trot out a string of Warsaw Pact statistics, to prove his point that fears of a "Soviet military threat" are groundless.

It was as if the Soviet leader had said to himself: no more Mr Nice Guy. He had got the message that he was in severe danger of becoming more popular in the West than he is back home in Moscow.

He came with another message too: that it takes two to tango. He was not going to produce new disarmament initiatives until he got some response from the West to the moves that Moscow has already made.

As Mr Gennady Gerasimov, his foreign policy spokesman, said the day before: "We are not happy with the West's answer, or non-answer, to the Soviet initiatives in the field of disarmament."

Perhaps Mrs Thatcher should be flattered that Mr Gorbachev chose London to start his straight talking.

Mr Nikolai Shishlin, one of the top Communist Party officials travelling with the Soviet leader, put it something like that on the eve of the trip: "Up till now, we've been stressing what is good in our international relations," he said. "I think that now the time is right to focus on what is bad.

"I think these two politicians, who are realistic, and have a broad vision of the world, will not only focus on points of similarity between the two countries, but on points of dissimilarity."

Indeed, Mr Gorbachev did not even bring up his rosy vision of a Common European Home – as Mrs Thatcher and her advisers obviously had expected – to leaven the lump of his criticism. He will no doubt reserve that for a more receptive audience in Bonn and Paris this summer.

The truth is that their differences on arms control are very substantial, and colour most of their attitudes to East-West relations. Mrs Thatcher remains the most outspoken West European defender of nuclear deterrence, and modernisation, and there was simply no meeting of minds.

They have moved much closer on other international issues, with growing co-operation on problem areas like the Middle East and Southern Africa. But even there, Mrs Thatcher is second to none in her denunciation of support for countries like Libya and Syria, close Soviet allies whom she blames for sponsoring terrorism.

So why do they apparently get on so well? For there can be little doubting the genuine enthusiasm with which they greeted each other this week (even if Mrs Thatcher was perhaps just a little more effusive).

Obviously they do see each other as some sort of kindred spirits. Both see themselves as radical reformers in their own societies, the scourges of an ossified bureaucracy. Both clearly revel in the cut-and-thrust of political debate, tolerate fools badly, and are given to lecturing their colleagues and their people.

"We recognise in you one of those rare people who has the vision, the boldness and the sheer power of personality to change the future of his country, and to have a profound effect on the wider world as well," Mrs Thatcher told the Soviet leader in the Guildhall. It was a description that enthusiastic Conservatives would have no hesitation in applying to her.

Indeed what was most revealing about their talks was not the sharp differences on arms control, but the fact that they spent almost two-thirds of their time discussing perestroika in the Soviet Union. And when Mrs Thatcher emerged, it was to give the most ringing endorsement of the "peaceful revolution" launched by Mr Gorbachev issued by any major Western leader.

A crucial element in their mutual admiration remains the fact that Mrs Thatcher was the first major Western leader to recognise in the future General Secretary "a man with whom we can do business." That was no doubt flattering to Mr Gorbachev, and Mrs Thatcher is certainly not going to change her judgment now.

At the time, endorsement by Mrs Thatcher may not have particularly helped the rising star in the Politburo in his fierce domestic battle with the Old Guard of the Brezhnev era. But it is certainly true that she is the one Western leader whose enthusiasm means something inside the Soviet Union. Everyone knows her (especially since that famous television interview), and the great majority admire her.

Nevertheless, Mr Gorbachev knows that he is now the man in the centre of the international stage, and he does not really need to look for any more rave reviews. So he came to London with a neat twist on Mrs Thatcher's theme: "We want to see if she is someone with whom we can do business," as a senior adviser said.

Both sides have now stated the principle, but they are still manoeuvring to dictate the terms. They have yet to turn their words into deeds.

Raymond Snoddy speaks to Lord Stevens, of United Newspapers

Newspaper-man in the making

Lord Stevens of Ludgate, executive chairman of United Newspapers, is a small precise man with a puckish sense of humour, not overly given to ostentation – but he will have a very large office in the company's new headquarters, home for the Daily Express, Sunday Express and Daily Star.

"Someone said to me: 'Don't you think your office is a bit big, bearing in mind the amount of time you are going to spend there.' To which I said: 'Ah, but you don't know how much time I am going to spend there.'" says the merchant banker who found himself running a newspaper group almost by accident.

While he is the first to concede he is no Lord Rothermere or Rupert Murdoch, a gradual metamorphosis is taking place. The banker and fund manager is becoming a publisher, with aspirations to be seen as "a newspaper-man" and an opinion on how "his" titles look and what they should contain.

"The general ground rules are – preferably no sleaze and smut [though there was a brief period in 1987 when smut reigned at the Star], preferably no attacking people who are dead because I don't see the point to it and it only causes grief. Preferably no invasion of privacy. It's gone too far."

While his credentials as a newspaper-man are still being established, his ability to cut costs and restructure a company is not in doubt. It was in October 1985 that United Newspapers, a profitable chain of provincial papers, bought the former Beaverbrook newspaper empire, then known as Fleet Holdings and enjoying a brief independence after a spell as a subsidiary of the property and shipping group Trafalgar House. At the time, the price of £317m was seen as a high one. Since then, there has been a big drop in staff numbers – from about 6,800 to around 1,700. The process was accomplished without a day of lost production, partly as a result of Mr Murdoch's union-defeating move to Wapping.

Last month, United Newspapers announced pre-tax profits of £107.7m on turnover of £753.8m compared with £95.6m on turnover of £716.5m in 1987. Lord Stevens also points to Exchange and Mart, the classified advertising magazine, which was making £5m when it was bought, and is now making £25m; and to United's consumer magazines which have also moved from loss to profit.

"Of course they all knock it and say he doesn't know anything about publishing," says Lord Stevens. Indeed, he came to publishing after joining the United board as a non-executive director to watch over Drayton Investment Trust's stake in what was then a rather sleepy regional newspaper company.

Of rival national newspaper publishers he says: "It's all very well to buy market share but sometimes they must wake up at night and say 'How does that chap Stevens who's not a publisher make six times what I'm making out of my national newspapers?'"

Partly because of plans to install new colour presses throughout the regional newspapers, United will be about £300m in debt by the end of this year although the interest charges of £25m will be covered 8-10 times. Debt should fall to £40m next year and to very little in 1991.

Mr Derek Terrington, publishing analyst at stockbrokers Phillips & Drew, accepts that there have been big savings but adds: "It's taken one hell of a time to put in place the cuts since the purchase in 1985. The first clear year we are going to get is 1991. That time lag should be compared with the 48 hours it took Rupert Murdoch."

The circulation of all three national titles has been declining, although there have been modest improvements at the Daily Express and the Daily Star. In December 1984 sales of the Dail Express were at 1.9m but by last December they stood at 1.575m. The Daily Star fell from 1.55m to 901,637 and the Sunday Express from 2.447m to 2m.

The combination of declining circulation and rising profits has led to persistent speculation that all or part of the business would be sold, and that predators seeking a way into Britain's national newspaper industry are circling, waiting for their moment to strike. Lord Stevens is robust on both points. "Everything has a price but there is nothing in the group that is for sale. We don't need to raise money. I haven't spent eight years building this group up to flog bits off."

He suspects that late last year there could have been a consortium tracking United. Names mentioned include Mr Eddy Shah, the former newspaper publisher; Mr Jacob Rothschild, the banker; and Sir James Goldsmith, the entrepreneur. But Lord Stevens does not believe anything is happening at the moment – there is no evidence of consistent share buying on the register through nominee or other accounts.

The only person who has bought numbers of shares – about 1 per cent – in recent weeks is Mr Conrad Black, chairman of the Daily Telegraph, who says he has only friendly aims.

"We met in January this year and he said he thought the shares [United's] were one of the cheapest shares of a media group in the world," says Lord Stevens.

United is planning to expand its publishing operations in either France or West Germany. The company is also looking seriously at launching a new national newspaper, possibly a financial and business paper down-market from the Financial Times. But how happy is Lord Stevens with the three national newspapers he has already?

He finds the Star lively and entertaining, claiming it has the youngest readership of any national. He believes the Daily Express is "a good newspaper now" while finding it unsatisfactory that its circulation is 120,000 copies behind the Daily Mail. He concedes the Sunday Express has not been good value for money because until a month ago the printing limit was 32 pages – although by the autumn this will rise to 48. The paper also "has to develop more of an image of its own."

But as Lord Stevens prepares to move into his new office, is he as a much a newspaper-man as he likes to think? Sir Gordon Linacre, until recently United's chief executive and the man who suggested David Stevens as chairman following the death of Lord Barnetson, says he not quite in the Murdoch or Rothermere class yet.

"I would compare him very favourably with Robert Maxwell and the others. He may not know about every nut and bolt on the presses but he knows a hell of a lot more than you might think," he says.

Battle for the mid-market

	Dec 1984	Dec 1988	Feb 1989	% change Dec 84/ Feb 89	% change Dec 88/ Feb 89
Daily Express	1,901,624	1,575,891	1,612,418	-15.2	2.3
Sunday Express	2,447,441	2,000,014	1,997,981	-18.4	-0.1
Daily Star	1,551,110	901,637	938,164	-39.5	4.1
Daily Mail	1,840,337	1,720,719	1,766,131	-4.0	2.6
Mail on Sunday	1,577,495	1,901,045	1,950,559	23.6	2.6

LETTERS

Soviet and STV votes

From Mr John Gossage.

Sir, While sharing Miss Watchorn's delight in the recent Soviet elections (Letters, April 5), I cannot understand why she believes proportional representation to be impractical. It works well for most other Western democracies.

Nor is it clear how the system she advocates would work on occasions when a candidate fails to secure more than 50 per cent of the votes cast in the re-run election.

I personally favour the single transferable vote in multi-member constituencies (STV). Unlike party list systems, or indeed the present British system, this takes power away from those who select candidates by allowing the voter to choose not only which party to support, but which of the several candidates put forward by that party should receive his or her first preference.

The usual objection to STV is that it would weaken the link between MPs and their electors. But we have long been used to multi-member constituencies in local government, and nobody suggests it weakens the link between councillors and their electors.

Indeed, the notion that an MP represents all his or her constituents is little more than a constitutional fiction. Most electors who feel the need to contact their MP would, I am sure, prefer to have the opportunity of approaching a member who shares their political stance. The chances of being able to do this would be much greater with STV.

John R. Gossage,
46 Graemesdyke Avenue,
East Sheen, SW14

Aid for Africa

From Mr John Butler and Mr Peter McNeill.

Sir, Despite Mr Edward Jaycox's admirable commitment to long-suffering Africa, your report of his analysis of its economic problems (March 10) points to some of the – for many of us concerned with them for almost as long as Mr Jaycox – serious weaknesses in the World Bank's approach to structural adjustment.

While Mr Jaycox is surely right in suggesting that defending overvalued exchange rates has been an important impediment to economic progress in Africa, this is probably more because of the encouragement it gives to purely speculative, rent-seeking activities (as opposed to production) than because of its negative impact on commodity exports.

The decline of the latter has been much more the consequence of excessive world-wide expansion of output (for example cocoa, coffee), much of it the result of World Bank-supported programmes, which has aggravated the secular real decline in world prices.

At the same time, the growth of population (doubled over the last 25 years) and urbanisation has greatly increased the demand for and prices of food crops, thus rendering export cash crops even less attractive to farmers.

A rational response is hindered rather than helped by the World Bank's insistence on import liberalisation as a condition of structural lending, thus discouraging the import substitution which, for most African countries, represents the only realistic option for reducing chronic foreign exchange dependency while at the same time creating employment.

Similarly, it is even quite common for the World Bank, for all its well-justified complaint about past neglect of agriculture, to withhold support for boosting production of staple food crops on the grounds that it is uneconomic in relation to international "border" prices – even though the latter are often artificially depressed by subsidised overproduction in the donor countries.

Of course strict conditions should be attached to the granting of development aid. Yet if such conditionality is to help increase the self-sufficiency of developing Africa – rather than further increase its dependency which, as you hinted in your leader of March 10, is all too likely to be the result of the current approach to structural lending – it must be based on realism and equity, rather than on rigid adherence to questionable dogma.

John Butler,
Peter McNeill,
The London Group,
353 Upper Richmond Road West, SW14

Coal cons outweigh the pros

From Mr Arthur Cawood.

Sir, Your FT survey article on the Selby Coalfield (March 20) provoked mixed reactions from the local authority in which it is being developed.

The mining of coal in Selby was sold to the community as a good thing. It was in the national interest. It would create jobs, attract support industries, provide income for local businesses, contribute substantially to local rates. There was a strong promise of provision of leisure facilities for the local community. In addition there would be no dirt extraction to blight the landscape.

14 years on from the public inquiry, the reality is somewhat different.

Pit closures in West and South Yorkshire have meant that the miners are not recruited locally; many still commute from their family homes. Those who did move brought families who contribute to one of the highest areas of unemloyment in North Yorkshire. Job numbers are 25 per cent less than projected. Only one support industry has chosen to relocate in Selby, and local businesses complain of lack of local spending. The local authority provided family houses for miners; very few are occupied by miners, leaving an imbalanced housing stock. To date, Selby District has received less than £750,000 in total rates since the beginning of the development. Rate support grant has been reduced because of this.

The new method of financing local government in the form of the non-domestic rate will result in loss of income equivalent to £4 per annum per community charge (poll tax) payer by 1992, when total production is achieved. The leisure facilities are still a commitment in principle; no cash has appeared.

Finally, the geologists got it wrong. Selby is now producing 1m tonnes of dirt a year. Coal is imported by rail and, until recently, by road, to improve the quality of the product. This action has caused considerable disturbance to residents of nearby villages, and the consequences of high dirt content will challenge the fundamental principles of which the development was based. The waste disposal will have far-reaching consequences for the region in terms of transportation and spoil dumping.

Storage of open coal, washing of coal and transportation of dirt all create environmental problems at Gascoigne Wood, which were never considered in the original proposals.

British Coal is not unwelcome in our area, but the pros have yet match the cons.

A. Cawood,
Leader, Selby District Council,
Civic Centre, Portholme Road,
Selby, North Yorkshire

Rubbish put to rights

From Mr Norman Jenkins.

Sir, Your environment correspondent reports (March 23) increasing concern at the possible danger of gas explosions following methane escape from dumped waste on landfill sites.

It is commonly supposed that this gas results from the de-composition of putrescibles. With the growing awareness of the value of composting household waste, there might be some confusion – and a possible alternative cause.

The breakdown of aluminium, when attacked by either acid or alkaline liquids, creates hydrogen, a component of methane. Nowadays we jettison very large tonnages of aluminium with household waste.

Segregation of aluminium, as with newspapers and packing materials, may prove impracticably uneconomic, but recognition of a possible increase of gas emissions from tips could indicate a need for better, more comprehensive disposal of municipal rubbish.

Nottingham and Coventry have excellent examples of mass incineration in modern plants which work very well. Nottingham – by chance, not by initial design – is now generating electricity, and selling it for a handsome income. The London borough of Edmonton is achieving records in this respect.

Such plants are extremely expensive, but to their calculable cost-effectiveness we should add less tangible, but nevertheless valuable assets for the community – seldom if ever equated to a level of indirect expenditure which (by omission) might be exceeded in other balance sheets.

Norman Jenkins
Whitehill,
Ewshot,
Farnham, Surrey

Jam yesterday, jam today . . .

From Mr P.N. Hall.

Sir, Looking in dismay at the ever worsening traffic situation, it strikes me that the Ministry of Transport has not grasped the nub of the problem. Apart from silly tax perks, which still encourage single commuters to take cars into the city every day, ministers seem blinded by advice from the road lobby to build ever more roads and motorways.

Even moderate thinkers now know the immutable law: in a modern, mobile society, traffic will fill and eventually jam all major roads and motorways as they are built.

If Paul Channon, the embattled UK Transport Secretary, could turn his attention to this matter, he could usefully apply Einstein's General Theory of Relativity: $E=mc^2$.

Where "E" is traffic density, "m" is miles of road network and "c^2" is gross domestic product per person x population > 16 years, squared. Here Mr Channon will see that by increasing our road network he will increase traffic density (unless the population or GDP falls).

Substantial investment now being authorised for the rail system is 20 years late. If we are even to approach this problem, and undo some of the damage already done, investment in the railways must be quadrupled and sustained indefinitely. Rail freight must be completely reorganised and made attractive to industrial users so that a target of 50 per cent of total UK cargo is transported by rail – currently it is less than 10 per cent.

All major factories should build, with Government help, their own rail junctions running into the main line, and eventually leading through the Channel tunnel to Europe. All heavy goods vehicles, particularly juggernauts, should be taxed according to the damage they inflict both on the roadway infrastructure and the environment. (I understand that one 30 tonne vehicle has the same impact on a road surface and its surroundings as 1000 passenger cars.)

Action must not be delayed until the day when the M1 is blocked solid from Edgware Road in London to Hunslet Moor in Leeds.

P.N. Hall,
April House, The Purlieu,
Malvern, Worcestershire

UK COMPANY NEWS

Attributable £30m deficit after losses on sale of securities side

ICH in the red as bid talks end

By Nikki Tait

FURTHER LOSSES in the securities division and among some of its financial and technical services subsidiaries, have driven International City Holdings to a £1.95m loss before tax in the first half of 1988/9 on turnover of £47.3m. This compares with a £7.33m profit in the same period a year earlier.

Moreover, the loss on the sale of the securities side to MAI, announced last month, is largely responsible for a £26.7m extraordinary debit below the line. This means that the financial services group shows an attributable loss of £29.8m for the six months to end-January.

After "considering all the present circumstances" the board has decided to pass the interim dividend. Last autumn, ICH upset analysts by cutting the final dividend for 1987/8 after reporting a 44 per cent reduction in full-year profits.

Further management changes are also announced. Mr Robin Packshaw is stepping down as executive chairman and will leave the group, whileMr Edward Teraskiewicz has been apppointed chief executive. In December, Mr Ron Vallance, group chief executive, resigned when the board passed a vote of no confidence. Mr Packshaw, who said yesterday that he had not yet formulated plans for the future, will receive compensation of around £200,000.

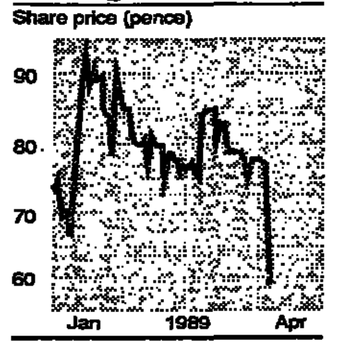
In addition, the company said yesterday that talks concering a possible offer for the company – which were first announced in January and said to be continuing last month – were terminated on April 6.

Shares in ICH plunged 19p to 58p on the combined news. This compares with a high of over 280p in mid-1987. Throgmorton Trust, which is the largest shareholder with 26.1 per cent, also slipped 13p to 441p.

The securities division loss totalled £4.4m at the pre-tax level. However, this figure takes in some £1.4m of losses made since the year-end and up to the date of the MAI sale contract. A similar amount has been included in the extraordinary item to cover estimated trading losses up to the completion date for the sale. Accordingly, ICH expects that the securities division should have no impact on future figures.

International City Holdings

Share price (pence)



The company does not split out the remaining results from its core money broking business and from the financial and tenchical services companies. However, it indicated yesterday that the former made something over £4m, while there was a net deficit from the latter.

Among financial and technical services companies, there were three loss-makers: Cheval Assurance and Key Administration, which have been sold, and IPAC Systems which has been closed down, contributing another £1.42m to the extraordinary item.

ICH says it plans now to concentrate on its core money and foreign excahnge broking activities. It says that Fulton Prebon International performed satifactorily in the six-month period and has enjoyed a "buoyant" trading enviroment since January.

The £26.7m extraordinary item comprises a £23.8m loss on disposal of the securities division, a £1.42m loss on the IPAC closure and a £1.45m item for group rationalisation costs and professional fees. Included in this item is an unspecified payment to Mr Vallance, described as "not a large sum" by the company.

See Lex

Exceptional costs trim Scottish TV rise to 2%

By John Ridding

RATIONALISATION costs limited pre-tax profits at Scottish Television, the ITV company, to £9.16m in 1988, an increase of only 2 per cent. However, excluding the exceptional costs of £680,000, which largely comprised voluntary early retirements, taxable profits were up by 10 per cent to £9.84m.

STV decided to write off the full value of its investment in Superchannel, the ailing satellite broadcaster, in the 1988 accounts and this appears as an extraordinary item of £1.03m.

Turnover for the year was up by 14.7 per cent to £92.2m. Of this, £81.5m was accounted for by advertising revenues, which although an increase of 10 per cent on 1987 represented a fall in its share of the network total from 5.9 per cent to 5.4 per cent.

Programme sales saw a strong increase of almost 60 per cent to £8.5m. This reflected the success of programmes such as Taggart and Take The High Road under the new ITV networking arrangements. The increase in turnover was not, however, matched by a similar rise in profits because of the increased costs associated with programme development.

STV said that it had undertaken a number of ventures in 1987 which were expected to strengthen the company's position in the increasingly deregulated television sector.

The ventures included the setting up of STV Film Enterprises, and, in Los Angeles, Mac III, producer of entertainment shows.

● **COMMENT**

The rationalisation costs which masked a reasonably good performance in 1988 will be still heavier this year. Like any fitness regime, however, the longer term benefits can be substantial and potential savings should be in the millions. Unfortunately, the lion's share of these savings will be needed to tackle the new exchequer levy to be introduced in 1990. Here, the development of Mac III, which will bring levy-free overseas sales is a step in the right direction. More immediately, advertising revenues have started better this year - up 16 per cent in the first quarter - although holding onto market share will remain hard for any northern company. Pre-tax profits should be about £10.5m, putting shares on a multiple of below 7. This is the second lowest rating in the sector and reflects the particular uncertainty affecting the smaller independents, and to some extent reservations about STV's policy of diversifying out of television. With indications of a more gradual application of this strategy and with management uncertainties resolved, the rating may improve.

Laird sacks its auditors after errors in MCW past accounts

By Andrew Hill

LAIRD GROUP, the sealing systems and engineering company, has sacked its auditors, Coopers & Lybrand, after finding "fundamental errors" in the past accounts of Metro-Cammell Weymann, the bus and taxi manufacturer earmarked for sale.

Losses of £18.1m at MCW in the nine months to September dragged Laird's full-year profits down from £32.6m to £21.3m before tax in 1988. Restructuring costs and losses since September, when Laird decided to sell MCW, led to a further charge of £16.5m below the line, pushing the group into the red at the attributable level.

The company warned of substantial 1988 losses at MCW in December, when it announced the sale. Since then, an independent investigation by Deloitte Haskins & Sells, which replaced Coopers as MCW's auditors, has revealed that the bus and taxi manufacturer also sustained losses estimated at £16.3m before 1988.

This was mainly because of a significant overstatement of the value of stocks and works in progress. Laird had to restate its retained profits for 1987 to include those losses.

The group, which intends to appoint Ernst & Whinney to succeed Coopers as auditors, brought publication of its annual report forward by a month to clarify the situation. Its shares rose 17p to 268p yesterday, as investors speculated on a possible bid for the slimmed-down group.

John Gardiner: highlighted performance of remaining divisions

As well as MCW, Laird hopes to sell Metro-Cammell, the train manufacturer, which quadrupled turnover in 1988 to £101m (£25m), although profits were down slightly at £700,000 (£900,000). Buyers of the two subsidiaries should be named in May or June.

Laird's overall turnover rose to £554m (£398m) in 1988, and earnings per share dropped from 25.1p to 10.7p.

Mr John Gardiner, the group's chairman and chief executive, highlighted the performance of the remaining divisions. Excluding MCW, group profits rose to £39.4m before tax, and the company is recommending a final dividend of 5.2p, making 8.7p (7.7p) for the year.

Mr Gardiner, who took on the managing director's duties when Mr Erik Porter resigned for personal reasons in February, said the group would aim to increase capacity of its sealing systems division in France and Germany, and expand its packaging and plastics distribution business in the US.

Sealing systems increased its profits from £26.1m to £32m in 1988, mainly thanks to the acquisition of CPIO Group from Renault, the French car manufacturer. Profits from the service industries division dropped to £7m (£7.5m) following a disposal, and specialist engineering profits increased to £4.2m (£1.5m).

See Lex

Warburg stake in German stockbroker

By David Barchard

S.G. Warburg, the City merchant banking group, yesterday announced that it had reached agreement in principle to buy a controlling stake in Berwein Wertpapierhandels und Börsenmakler of Munich, one of Germany's leading independent stockbrokers with seats on the Munich and Berlin stock exchanges.

Warburg gave no details of the size of the stake or the price of the deal, but said that a further announcement would be made as soon as possible.

The bank plans to merge Berwein's business with its own German equities operations.

This is the second time that Warburg has bought a stockbroker firm outside the UK. In November 1987, Warburg took control of Bacot Allain of Paris, and now has an 80 per cent stake in the French firm.

Loss rises and reshuffle at WBI

By John Ridding

WB Industries, the Midlands-based manufacturer of springs and pressings, yesterday announced a reshuffling of the board and a proposed capital restructuring following a trebling of pre-tax losses in 1988 to £248,000,

Turnover fell by 18 per cent to £3.65m and losses per share were sharply up at 6.11p (1.53p). In each of the last five years, turnover has remained static and earnings per share have fallen. The company said that the disappointing results precluded the payment of a dividend.

Mr David Cooper-Smith has resigned as chairman and will be replaced by Mr Graham Avery, 44. Mr Avery's background is in property investment, development and construction. He has experience in negotiating corporate acquisitions and in corporate restructuring.

In November, Mr Cooper-Smith acquired for a nominal fee the entire share capital of the company's computer subsidiary, Disc Computer Services. In the period up to the sale the company recorded losses of £68,115. Mr Cooper-Smith, who was paid £95,000 in 1988, is also receiving £75,000 as compensation for the ending of his service agreement.

Mr Avery will be joined on the new board by Mr Peter Marland, former managing director of Astraseal Systems who led a management buyout in 1986. Mr Malcolm Paul, director of WSP Holdings, has been appointed a non-executive director. Mr J. Sheward, finance director, is the sole member of the old board.

The directors are proposing a rationalisation of the capital structure to permit the future payment of dividends. The proposal involves the conversion of each existing preference shares into 2.25 ordinary shares and the cancellation of the arrears on the cumulative preference dividend which amounts to £460,000.

According to the new board, demand for springs is relatively strong at present and orders are up on last year. They believe that a return to profit can be achieved in 1989.

Purchases boost RKF to £4m

By John Thornhill

THE FAST-EXPANDING RKF Group, the USM-quoted heating, printing and property company yesterday reported a sharp increase in pre-tax profits to £4.08m in 1988, up from £858,000. Earnings per share advanced 74 per cent from 5.26p to 9.13p.

These results were boosted by contributions from a string of acquisitions made in December 1987 and from other companies bought during the year.

Turnover rose from £9.13m to £33m and a final dividend of 2.25p will make a total of 3.375p (2.23p). Assets per share jumped 50 per cent to 45p.

RKF has almost doubled its market capitalisation in the past year from £25m in April 1988 to £48.6m at yesterday's market value. The company was capitalised at £6.3m when it joined the USM in April 1987.

Operating profits in the heating and engineering division advanced from £634,000 to £1.43m on turnover of £16.54m (£7.68m). Mr Bob Francis, chairman, claimed that the August acquisition of Sapragaz, a Belgian heating company, enabled RKF to offer a full range of heating products to industrial customers. "It is a real case of two plus two equalling five," he said.

The purchase of Real Flame and several other companies during the year boosted the fireplace manufacturing business.

Property developments produced profits of £2.11m (£281,000). In 1987, RKF started six sheltered housing developments and sold 150 units in 1988. A similar programme is under way in the current year.

Grange Press, bought in December 1987 and expanded last August, made the major contribution to the printing division's operating profits which grew to £1.57m (£67,000). E.T.Heron, acquired for £7.35m in August, contributed for four months. This printing company is to be relocated from its current five sites into one purpose-built premise in 1990.

Mr Francis said the current year had started well with orders in the heating and engineering divisions significantly ahead of the corresponding period last year.

R Dutch/Shell increase in proved reserves

By Steven Butler

The Royal Dutch/Shell group last year increased its worldwide proved oil reserves by 65 per cent more than it produced, resulting in an increase of proved reserves to 8.34bn barrels, compared to 7.94bn barrels at the end of 1987. Shell produced 612m barrels last year.

The biggest source of the increase was new discoveries and extensions to existing discoveries, accounting for 382m barrels. Revisions of previous estimates accounted for 312m barrels, improved recovery for 174m barrels, and net purchases for 201m barrels.

Storehouse confirms no offer by Edelman

By Maggie Urry

STOREHOUSE, Sir Terence Conran's retail group, confirmed yesterday that it had not received an offer from Mr Asher Edelman, the American abitrageur who has built up a 7.8 per cent stake. Storehouse shares lost 3p following the announcement but rose later to finish 1p higher at 169p.

However, under the rules of the Takeover Panel an "offer period" has started following Mr Edelman's statement a week ago that he was contemplating making a bid.

Under the Takeover rules Mr Edelman must disclose any further share purchases within 24 hours and must give 24 hours notice of any sales. Storehouse cannot issue new shares, sell or buy any material assets or enter into contracts otherwise than in the normal course of business.

Maxiprint loss increased to £0.13m midway

Losses at Maxiprint, the USM-quoted maker of photographic equipment, increased from £60,728 to £130,516 in the six months to November 30.

The company said that revised and expanded marketing plans were being put into effect, but that benefits would only start to be realised during its next financial year.

First-half turnover fell from £102,705 to £39,784. Losses per share rose to 1.187p (0.607p).

Olives returns to the black with £2m

Olives Holdings, formerly Olives Paper Mill, paper and property company, reported pre-tax profits of £2m for 1988 compared with a previous loss of £1,102. For the half year to June 30 the loss was £31,600.

After a number of troubled years, Mr Michael Kent, a property developer, took control of the company in September 1987, and exceptional costs, principally compensation paid to former directors, took Olives into the red. Kent City Developments, a private company owned by Mr Kent, was acquired in June.

The directors are now proposing to pay a dividend of 7.5p for the year, the first payment to be made since 1983.

Turnover for the year soared from £9.61m to £17.65m. Other operating income contributed £631,666 (nil) and operating profits came out at £2.45m (216,023). Interest payments fell to £41,748 (£84,362) while exceptional items this time took more at £410,397 (£132,763).

Danish company raises Hambros stake to 10%

By David Barchard

BALTICA HOLDING, parent of Denmark's largest insurance company yesterday announced that it had raised its stake in Hambros, the London merchant bank, to 10 per cent, the target level it announced in February when it bought an original 8.98 per cent stake.

Though Baltica is not one of the European banks with which Hambros is committed to establishing a long-term relationship, Hambros repeated yesterday that it welcomed Baltica as shareholders and was exploring possible areas of co-operation.

Last week Istituto Bancario San Paolo di Torino, one of Hambro's main partners, revealed that it had raised its stake in the bank to 12.04 per cent.

The two other main shareholders are Banco de Bilbao Vizcaya of Spain (6 per cent) and Guardian Royal Exchange of the UK (8.75 per cent.) Hambros has assembled these partners over the last two years with a view to co-operating in European financial services markets in the 1990s.

It is not yet clear how far Baltica will be able to take part in this alliance.

Emess increases Brillantleuchten stake to 76%

By Clay Harris

Emess, the lighting and electrical accessories group, has raised its stake in Brillantleuchten, the quoted West German lighting group, from 54 per cent to 76 per cent.

The German company, the largest supplier of lighting fixtures to the IKEA retail chain, this week unveiled a new Brilliant brand which Emess intends to test in other markets, including the UK.

Rivals raise stakes in Addison Consultancy

By Andrew Hill

THE TUSSLE for control of Addison Consultancy continued yesterday with MAI, the financial services and advertising group, and Motivaction, a privately-owned French market research group, both raising their stakes.

Motivaction added 5 per cent to the 14.7 per cent it picked up in a dawn raid a week ago. MAI, which this week confirmed it was in "an advanced stage of discussions" with Addison, took its holding above 5 per cent on Thursday.

The UK group is thought to have bought another 5 per cent yesterday, when some 5m shares, about 8.5 per cent of the company, changed hands.

There was also evidence of another large buyer and Addison's share price rose from 40½p to 42¾p, valuing the group at about £25m.

Two of Addison's directors, Ms Liz Nelson and Mr Tony Cowling, are strongly opposed to an MAI bid.

Foreign-held BAe shares below limit

Foreign-held shares in British Aerospace have dipped below the 15 per cent Government-imposed limit. The company's registrar announced yesterday that 38,192,931 shares, representing 14.92 per cent of the share capital, were now in foreign hands.

Dalgety stake

Dalgety, the food and commodities group, said Mr Robert Holmes à Court, the Australian businessman, had raised his stake to 5.2 per cent.

Continuous Stationery warns of static profit

A FACTORY closure at Continuous Stationery, the printer of business forms and stationery which acquired the Prontaprint group last April, will stunt profit growth for the year to March 31, directors warned yesterday. The shares dropped 12p to close at 86p.

The operating profit for the year would be "broadly in line" with last year's combined operating result (before exceptional profit) of £1.6m reported by Continuous Stationery and Prontaprint, the company said.

The move is expected to cost the company £800,000, including redundancy payments and losses on sales of assets, which will be accounted for as an exceptional loss.

Demand in the forms sector is estimated to be rising at just three per cent, while cost pressures have hit this part of the manufacturing sector, which has sustained operating losses of £200,000. The closure of the plant at Liphook, Hampshire, will result in 40 job losses.

Mr Grant Findlay, finance director, said results had been particularly bad since December, and became worse in the early months of this year, traditionally a stronger period.

Profitable divisions will be retained, and Mr Edward Carson, who has been appointed managing director of the division, will have responsibility for all forms manufacturing and sales activities.

Encouraging performances in the other areas, most notably Prontaprint which now accounts for 60 per cent of the company's profits, is reflected in the board's intended proposal for a final dividend of 2.6p (2.25p) for a total annual dividend of 3.5p (3p).

Swiftly changing fortunes in a job for a survivor

Vanessa Houlder on developments at Blue Arrow leading to the installation of a new chairman

MR MITCHELL Fromstein is, by his own admission, a master of the art of public relations. It is an apt, if deeply ironic, background for the new chief of Blue Arrow, the troubled employment agency which has a singular flair for notoriety.

In the past week, Fromstein has had plenty of opportunities to use his skills. Ever since the stormy shareholders' meeting on Monday which disclosed the existence of a mysterious £25m loan, he has been beseiged by a rabble of frustrated journalists.

In addition to the vexed question of the loan, endless column inches have been devoted to the boardroom coup on Tuesday in which he replaced Mr Tony Berry as chairman.

That putsch was the culmination of months of upheavals which included Mr Fromstein's dismissal and reinstatement and the removal of Mr Tony Berry's executive powers.

The latest publicity battle has not all gone his way. On Monday, the short, bespectacled Mr Fromstein was harangued by shareholders who accused him of dodging their questions.

Mr Michael Ashcroft, chairman of ADT and a major shareholder, went so far as to allege that Mr Fromstein once boasted an ability never to answer a direct question.

While admitting that Mr Ashcroft is not his favourite shareholder, Mr Fromstein declines to reciprocate the insults. Indeed, in public at least, his attitude to all his antagonists is a model of courtesy and restraint.

He makes it clear for example that he harbours no animosity towards Mr Norman Tebbit, a non-executive director. That is in spite of the former Cabinet minister's famous jibe when he reportedly compared Mr Fromstein with the turkey served up at the company's Christmas dinner.

And despite the role played by his fellow board members when he was temporarily ousted in December, he feels that the board can operate harmoniously with no undercurrents of hostility.

"The idea that the board has operated with rifts is a very wrong perception," he says. "It was beset by periodic crises, but it was not a stormy year and a half."

That said, he makes no bones about his fundamental disagreement with the deal-making philosophy that built Blue Arrow. In contrast to Blue Arrow, which was born of the bull market, Manpower he emphasises, has been built by organic growth through several economic cycles.

Mitchell Fromstein: uptight individuals don't last long

He also rejects the idea that Blue Arrow should run any peripheral businesses, such as its business travel and financial PR subsidiary. The whole philosophy of Blue Arrow, he argues, is that support services should be handled from outside the business. "For us to view a captive business of any kind for a service function is a kind of oxymoron."

Given that the Manpower chief appears to have won the final victory over his former rivals at Blue Arrow, speculation has mounted that the company will be repatriated to the US.

He does not dismiss the possibility but it is not, he makes plain, a priority. "To say I came to take Manpower home would be a misinterpretation. It has been given more attention than it deserves."

He has also denied speculation that he would consider splitting the old Manpower businesses away from the Blue Arrow ones. Despite his assertion that the synergies between the two companies forecast at the time of the takeover were greatly overstated, he does not forecast problems in managing competing businesses.

Mr Fromstein's emollient manner should not mask his undoubted achievements. His early career in Milwaukee was spent building up an agency dealing with advertising and financial public relations. Manpower was one of his clients and he soon became a non-executive director.

In the mid-1970s, Mr Fromstein joined with Parker Pen in buying out Manpower's founders, a partnership that ended when the original Parker businesses were sold earlier this decade. Under his leadership, the company grew and thrived as he anticipated the increasing demand for white-collar temporary staff.

Blue Arrow's audacious $1.3bn bid for Manpower in 1987 at first met with bitter opposition from Mr Fromstein. His eventual agreement was obtained only after he extracted a promise that Manpower would be given full autonomy.

This was the time bomb that exploded at the end of last year when Mr Berry tried to exert some control over the much-larger US subsidiary. In the resulting conflict, Mr Fromstein lost his job.

Not though, for long. In a striking display of loyalty, the Manpower franchisees lobbied for his reinstatement. Under mounting pressure, the Blue Arrow board made a remarkable about-turn and installed Mr Fromstein into Mr Berry's job of chief executive.

That took place on January 12, apparently after the mysterious £25m loan was made.

Mr Fromstein resolutely refuses to make any comment on the subject, but it is clear from his manner that he does not feel he is personally implicated in the matter.

Nor does he seem to judge the issue one that merits a crisis of confidence in the company. "I think the sophisticated international owners of our shares are not going to be moved," he says.

But what if the worst comes to the worst and the loan is written off – a move that could wipe out nearly a third of this year's profits? He shrugs off the question. What would happen in the event of a severe economic recession? he asks.

Overall, Mr Fromstein appears remarkably sanguine about the events of the tumultuous week. On Thursday, after two grueling days of board meetings, his mobile, expressive features were pulled into a cheerful grin.

He was, he acknowledged, feeling relaxed. Indeed, he said, that was almost a qualification for the job of running an employment business.

"You have to be prepared to work under pressure" he reasoned. "If you are an up tight individual you don't last long."

Sonic Tape at £47,200

By John Thornhill

SONIC TAPE, the electronics and ultrasound technology group which last year experienced particularly torrid trading due to competition from Far Eastern companies, has reported pre-tax profits of £47,200 for the six months to January 31 on turnover of £1.01m.

The company, which came to the Third Market last July, included the results of Systems Connections, an ink jet printer distributor bought in July, for the full period.

Mr Derek Moon, chairman, said that Sonic and Systems Connections had contributed equally to profits and turnover.

Earnings per share were 0.25p but the company is not paying an interim dividend.

In the year to July 31 1988 Sonic Tape, which manufactures sonic devices used by estate agents for measuring the size of rooms, incurred a trading loss of £3,385 after its products were substantially undercut in the market by Far East imports. Mr Moon said Sonic's position in this market had not deteriorated further in the latest six months.

The company is to launch two new products which, Mr Moon claimed, have received favourable advance responses in the market: Reversaid, an ultrasonic device attached to commercial vehicles which warns the driver if there are any obstacles behind him when reversing, and Tonetalker, a talking database phone.

MARKET STATISTICS

ECONOMIC DIARY

TODAY: Diplomats from Angola, Cuba, South Africa, the Soviet Union and the US meet for ceasefire talks in the Namibian capital Windhoek. Dialogue on peace and disarmament in Vienna, including Mr Willy Brandt, former West German Chancellor, Mr Julius Nyerere, former Tanzanian leader, Rev. Jesse Jackson and Mr Robert Macnamara, former World Bank president (until April 12). Talks in Budapest between Communist Party and loose coalition of eight new and re-emerging independent political groups.

TOMORROW: Run off elections to Soviet Parliament in 76 districts. Mr Rupert Scholz, West German defence minister, on visit to Jerusalem.

MONDAY: Producer price index numbers (March provisional). European Parliament in plenary session (until April 14). Lonrho appeal in bid to force Lord Yooung to publish Harrods takeover report. Mr Cecil Parkinson, Energy Secretary, is leading a delegation of British businessmen to the Soviet Union. Yugoslav communist party in plenary session on inter-ethnic relations in Belgrade. Lockerbie crash victims lawyers due to decide on Pan Am compensation offer.

TUESDAY: The Delors committee of European central bank governors meets in Basle to discuss possible steps towards economic and monetary union in the European Community. Abbey National vote on conversion into public limited company at special general meeting. Mr Cecil Parkinson opens three-week British trade fair in Moscow. Cocom executive committee meets in Paris to draw up new guidelines on exports of high technology to the Soviet bloc. Foreign ministers of the Warsaw Pact hold regular meeting in East Berlin (until April 12); Mr Eduard Shevardnadze, Soviet foreign minister, is expected to attend. Prime ministers of the Arab Co-operation Council meet in Baghdad.

WEDNESDAY: Quarterly analysis of bank advances (February). United Nations hearings on the effectiveness of the oil embargo against South Africa (until April 13). Third round contact between North and South Korean officials to prepare for talks between their respective prime ministers. Engineering industry pay talks.

THURSDAY: Labour market statistics: unemployment and vacancies (March provisional); average earnings indices (February provisional); employment, hours, productivity and unit wage costs; industrial disputes. US retail sales (advance) for March. Bundesbank Council meeting.

FRIDAY: Usable steel production (March). Tax and price index (March). Retail prices index (March). US producer price index (March).

TRADITIONAL OPTIONS

- First Dealings Mar 20
- Last Dealings Apr 7
- Last Declarations Jun 29
- For settlement Jul 10

For rate indications see end of London Share Service

Calls in Dixons, Bula Resources, Floyd Energy, Medirace, Atlantic Resources, Lonrho, Kelt Energy, Cons. Gold Fields, Tusker Resources, Racal Electronics, Racal Telecom, Kingfisher, Owners Abroad, Ferranti, Cauldon, CRA and INOCO. Puts in Ryan Hotels, Floyd Energy, Waterford units and Plessey.

BANK RETURN

BANKING DEPARTMENT	Wednesday April 5, 1989		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	105,434,640	+	3,474,263
Bankers Deposits	1,346,616,391	+	46,513,392
Reserve and other Accounts	1,834,880,065	-	5,415,510
	3,301,484,096	+	44,572,165
ASSETS			
Government Securities	886,440,532	+	67,985,828
Advance and other Accounts	621,140,511	-	10,995,856
Premises Equipment & other Secs	1,781,583,904	-	19,841,319
Notes	12,068,389	+	7,228,909
Coin	250,760	+	14,805
	3,301,484,096	+	44,572,165
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	14,487,931,611	-	407,228,909
Notes in Banking Department	12,068,389	+	7,228,909
	14,480,000,000	-	400,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	12,641,681,583	+	364,270,220
Other Securities	1,827,303,317	-	764,270,220
	14,480,000,000	-	400,000,000

EUROPEAN OPTIONS EXCHANGE

Series		May 89 Vol	Last	Aug 89 Vol	Last	Nov 89 Vol	Last	Stock
[illegible]								

Series		Apr. 89 Vol	Last	Jul. 89 Vol	Last	Oct. 89 Vol	Last	Stock
[illegible]								
Nat.Ned. C	Fl. 65	131	0.50 a	181	1.80	199	2.90	Fl. 63.60
Nat.Ned. P	Fl. 55	–	–	3	0.90 a	62	0.90	Fl. 63.60
Philips C	Fl. 40	2301	0.50	875	1.80	185	2.80	Fl. 39.40
Philips P	Fl. 40	74	2.40	97	2.90	69	3.40	Fl. 39.40
Royal Dutch C	Fl. 130	662	3.40	32	4.70	67	6.20	Fl. 132.80
Royal Dutch P	Fl. 130	65	0.50	230	4.30	31	6.50	Fl. 132.80
Unilever C	Fl. 130	222	1.90	62	4.50	8	6.50	Fl. 130.50
Unilever P	Fl. 130	46	1.30	42	4.90	31	6	Fl. 130.50
Van Ommeren C	Fl. 45	24	0.60	275	1.90	–	–	Fl. 43.10
Van Ommeren P	Fl. 40	5	0.30	582	1.60	–	–	Fl. 43.10
Wessanen C	Fl. 85	4	0.10	26	1.60	4	2.40	Fl. 79

TOTAL VOLUME IN CONTRACTS : 42,173

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	13	Clydesdale Bank	13	NatWestminster	13
Adam & Company	13	Comm.Bk.N.East	13	Northern Bank Ltd	13
AAB - Allied Arab Bk	13	Co-operative Bank	*13	Norwich Gen. Trust	13
Allied Irish Bank	13	Coutts & Co	13	PRIVATbanken Limited	13
● Henry Ansbacher	13	Cyprus Popular Bk	13	Provincial Bank PLC	14
ANZ Banking Group	13	Dunbar Bank PLC	13	R. Raphael & Sons	13
Associates Cap Corp	12	Duncan Lawrie	13	Roxburghe G'rantee	13½
Authority Bank	13	Equatorial Bank plc	13	Royal Bk of Scotland	13
● B & C Merchant Bank	13	Exeter Trust Ltd	13½	Royal Trust Bank	13
Bank of Baroda	13	Financial & Gen. Bank	13	● Smith & Williamson Secs.	13
Banco Bilbao Vizcaya	13	First National Bank Plc	14	Standard Chartered	13
Bank Hapoalim	13	● Robert Fleming & Co.	13	TSB	13
Bank Credit & Comm.	13	Robert Fraser & Ptnrs.	13½	United Bk of Kuwait	13
Bank of Cyprus	13	Girobank	13	United Mizrahi Bank	13
Bank of Ireland	13	● Guinness Mahon	13	Unity Trust Bank Plc	13
Bank of India	13	HFC Bank plc	13	Western Trust	13
Bank of Scotland	13	● Hambros Bank	13	Westpac Bank Corp.	13
Banque Belge Ltd	13	Heritable & Gen Inv Bnk	13	Whiteaway Laidlaw	13½
Barclays Bank	13	● Hill Samuel	§13	Yorkshire Bank	13
Benchmark Bank PLC	13	C. Hoare & Co.	13		
Berliner Bank AG	13	Hongkong & Shangh	13		
Brit Bk of Mid East	13	● Leopold Joseph & Sons	13		
● Brown Shipley	13	Lloyds Bank	13		
Business Mtge Tst	13½	Meghraj Bank Ltd	13		
CL Bank Nederland	13	McDonnell Douglas Bnk	13		
Central Capital	13	Midland Bank	13		
● Charterhouse Bank	13	Mortgage Express Ltd.	‡13.75		
Citibank NA	13	Mount Bnkg Corp.	13		
City Merchants Bank	13	Nat Bk. of Kuwait	13		

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FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Friday April 7 1989: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Thu Apr 6 Index No.	Wed Apr 5 Index No.	Tue Apr 4 Index No.	Year ago (approx) Index No.	1989 High		1989 Low		Since Compilation High		Since Compilation Low	
[illegible]																		

FIXED INTEREST

PRICE INDICES	Fri Apr 7	Day's change %	Thu Apr 6	xd adj. today	xd adj. 1989 to date
British Government					
1 5 years	117.46	-0.16	117.65	–	3.61
2 5-15 years	133.60	-0.37	134.10	–	2.89
3 Over 15 years	143.97	-0.45	144.63	–	4.56
4 Irredeemables	168.49	-0.75	169.76	–	1.52
5 All stocks	130.98	-0.32	131.40	–	3.37
Index-Linked					
6 5 years	132.42	-0.22	132.71	–	1.36
7 Over 5 years	132.65	-0.67	133.55	–	0.95
8 All stocks	132.52	-0.65	133.39	–	0.95
9 Debentures & Loans	115.40	-0.97	116.53	–	2.20
10 Preference	88.67	-0.12	88.78	–	1.83

AVERAGE GROSS REDEMPTION YIELDS		Fri Apr 7	Thu Apr 6	Year ago (approx.)	1989 High		1989 Low	
[illegible]								
14 Inflation rate 10%	Over 5 yrs.	3.43	3.38	3.55	3.62	3/1	3.28	13/3
15 Debs & Loans	5 years	12.14	12.09	10.78	12.25	31/3	11.47	30/12
16	15 years	11.63	11.53	10.59	11.63	7/4	11.19	1/2
17	25 years	11.11	10.97	10.59	11.11	7/4	10.66	27/2
18 Preference	†	10.11	10.10	10.14	10.43	30/12	10.00	17/3

‡Opening index 2031.2; 10 am 2029.1; 11 am 2033.9; Noon 2036.0; 1 pm 2038.0; 2 pm 2038.1; 3 pm 2037.0; 4 pm 2042.8; 4.05 pm 2042.5 (a) 4.48pm (b) 9.25am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 32p.

CONSTITUENT CHANGE: Local London Group (69) has been deleted.

FT-ACTUARIES SHARE INDICES - QUARTERLY VALUATION

The market capitalisation of the groups and sub-sections of the FT-Actuaries indices as at March 31, 1989 are expressed below in millions of pounds and as a percentage of the All-Share Index. Similar figures are also provided for the two preceding quarters.

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses denote number of stocks)		Market capitalisation as at Mar.31, 1989 (£m.)	% of all share index	Market capitalisation as at Dec.30, 1988 (£m.)	% of all share index	Market capitalisation as at Sep.30, 1988 (£m.)	% of all share index
1	CAPITAL GOODS GROUP	(207)	81,484.5	19.63	66,942.4	18.71	65,564.8	18.13
2	Building materials	(29)	15,373.5	3.70	12,011.3	3.36	12,500.3	3.45
3	Contracting, Construction	(38)	8,034.4	1.93	6,866.0	1.92	7,111.4	1.97
4	Electricals	(10)	3,481.3	0.84	2,854.0	0.80	3,004.1	0.83
5	Electronics	(30)	17,422.7	4.20	14,603.6	4.08	13,983.2	3.87
6	Mechanical Engineering	(54)	13,930.8	3.36	11,369.7	3.18	11,352.7	3.14
8	Metals and Metal Forming	(7)	4,883.2	1.18	4,096.3	1.14	2,339.8	0.65
9	Motors	(17)	5,608.4	1.35	4,672.6	1.30	4,532.9	1.25
10	Other Industrial Materials	(22)	12,750.2	3.07	10,468.9	2.93	10,740.4	2.97
21	CONSUMER GROUP	(186)	124,403.1	29.98	108,645.9	30.37	111,984.4	30.95
22	Brewers and Distillers	(22)	20,105.7	4.84	17,488.2	4.89	17,694.7	4.89
25	Food Manufacturing	(20)	17,804.4	4.29	15,995.7	4.47	16,348.3	4.52
26	Food Retailing	(15)	12,856.4	3.10	11,646.2	3.26	11,797.6	3.26
27	Health and Household Products	(14)	23,899.3	5.76	19,609.5	5.48	20,653.4	5.71
29	Leisure	(33)	14,239.4	3.43	11,721.1	3.28	10,996.8	3.04
31	Packaging and Paper	(16)	4,089.7	0.99	3,666.1	1.02	3,697.2	1.02
32	Publishing and Printing	(18)	8,915.5	2.15	8,181.4	2.29	8,977.9	2.48
34	Stores	(33)	18,850.0	4.54	17,149.6	4.79	18,344.8	5.07
35	Textiles	(15)	3,642.7	0.88	3,188.1	0.89	3,473.7	0.96
40	OTHER GROUPS	(94)	79,842.1	19.24	65,658.0	18.35	65,703.2	18.16
41	Agencies	(18)	5,194.8	1.25	4,214.0	1.18	5,263.2	1.45
42	Chemicals	(22)	14,538.7	3.50	12,276.8	3.43	12,617.1	3.49
43	Conglomerates	(11)	13,744.0	3.31	11,418.0	3.19	11,090.7	3.07
45	Transport	(13)	10,324.0	2.49	7,265.4	2.03	6,560.0	1.81
47	Telephone Networks	(2)	21,566.7	5.20	19,327.4	5.40	18,616.4	5.15
48	Miscellaneous	(28)	14,473.9	3.49	11,156.4	3.12	11,555.8	3.19
49	INDUSTRIAL GROUP	(487)	285,729.7	68.85	241,246.3	67.43	243,252.4	67.24
51	Oil and Gas	(13)	42,210.4	10.18	38,515.5	10.76	39,119.9	10.81
59	500 SHARE INDEX		327,940.1	79.03	279,761.8	78.19	282,372.3	78.05
61	FINANCIAL GROUP	(124)	62,011.2	14.94	56,188.4	15.70	56,822.6	15.71
62	Banks	(8)	19,750.2	4.76	17,912.8	5.00	17,800.6	4.92
65	Insurance (Life)	(8)	7,318.3	1.76	6,231.2	1.74	7,436.6	2.06
66	Insurance (Composite)	(7)	9,877.8	2.38	8,755.3	2.45	8,803.3	2.43
67	Insurance Brokers	(7)	1,792.9	0.43	1,707.6	0.48	1,753.9	0.48
68	Merchant Banks	(11)	2,625.0	0.63	2,499.4	0.70	2,627.1	0.73
69	Property	(53)	15,768.7	3.80	14,524.0	4.06	13,767.5	3.81
70	Other Financial	(30)	4,878.3	1.18	4,558.1	1.27	4,633.6	1.28
71	Investment Trusts	(73)	13,411.5	3.23	11,615.7	3.25	12,041.9	3.33
81	Mining Finance	(2)	6,981.5	1.68	6,041.6	1.69	6,379.6	1.76
91	Overseas Traders	(8)	4,636.9	1.12	4,192.1	1.17	4,149.4	1.15
99	ALL-SHARE INDEX	(707)	414,982.2	100.0	357,799.6	100.0	361,765.8	100.0

LEGAL NOTICE

No. 00815 of 1989
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER of
NESCO INVESTMENTS PUBLIC LIMITED COMPANY
and
IN THE MATTER of
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 20th March 1989 confirming the cancellation of the Share Premium Account of the above-named Company was registered by the Registrar of Companies on 23rd March 1989.

DATED this 8th day of April 1989

Cameron Markby (reference CL)
Sceptre Court,
40 Tower Hill,
London EC3N 4BB

Solicitors to the above-named Company

INTERNATIONAL COMPANIES AND FINANCE

Bond fights back to salvage broadcasting empire

By Chris Sherwell in Sydney

MR ALAN BOND, the flamboyant Australian entrepreneur who heads the Bond group of companies, is to go on fighting to save his broadcasting empire after yesterday's highly damaging findings against him by an Australian Broadcasting Tribunal inquiry.

The case is being watched in Australia and abroad because an adverse outcome could have serious implications not only for Mr Bond's media and other interests, which are already under considerable financial pressure, but also for his personal reputation.

Yesterday the tribunal, a watchdog body for the Australian broadcast media, said Mr Bond had misled it in 1986 over a controversial A$400,000 defamation payout that year to former Queensland premier Sir Joh Bjelke-Petersen, and found that his behaviour in relation to that payment had been improper.

It also found that, in a conversation last year with a senior official of the AMP Society, Australia's largest investment institution, Mr Bond had threatened to use staff of his television network to investigate and expose certain AMP share transactions.

But the tribunal refrained from pronouncing whether Mr Bond and his companies were "fit and proper" persons to hold 15 broadcasting licences, and explicitly ruled out making adverse findings against other key Bond media executives, except Mr David Aspinall.

In reaction, Bond Corporation, the master company in the Bond empire, expressed "disappointment" at the tribunal's decisions. The company claimed it had failed to communicate its position "with sufficient clarity to this stage of the hearings."

Noting the tribunal had not pronounced whether Mr Bond and his companies are "fit and proper," the group said: "It is now for us to convince the tribunal that we do have the necessary prerequisites to hold broadcasting licences – that in this particular case we are an appropriate party within the terms of the Act."

Despite having sat already for 43 days, heard 41 witnesses, received 476 documents and taken 4,500 pages of transcript, the tribunal plans to resume hearings on May 1 to make its overall finding on the case and, if necessary, impose a penalty.

The tribunal can revoke or suspend a broadcasting licence, or impose conditions on its use, if it finds a licence holder is not "fit and proper." But analysts disagree on whether yesterday's "decisions on fact" make a loss of Bond's licences inevitable. They also point out that the tribunal has never suspended a licence and only revoked one, where the licensee became insolvent.

One option said to be open to the tribunal, given that Bond Media executives escaped formal censure, is to order a restructuring of the broadcasting empire to divorce ownership and control and, more importantly, to keep the media outlets open so that innocent audiences and employees need not be affected directly.

Another comfort for Mr Bond is that the tribunal did not make adverse findings in all the 29 areas where previously it said it could.

The tribunal said Mr Bond intervened personally over the A$400,000 defamation payout because he believed a failure to settle might result in Sir Joh causing adverse consequences to his group's commercial activities in Queensland.

According to the tribunal, Mr Bond never believed the amount was justified by the defamation claim alone, and made proposals designed to conceal its size. The arrangement to pay A$400,000 was "improper," the tribunal said. So was the subsequent payment, and Mr Bond's attempts to conceal it.

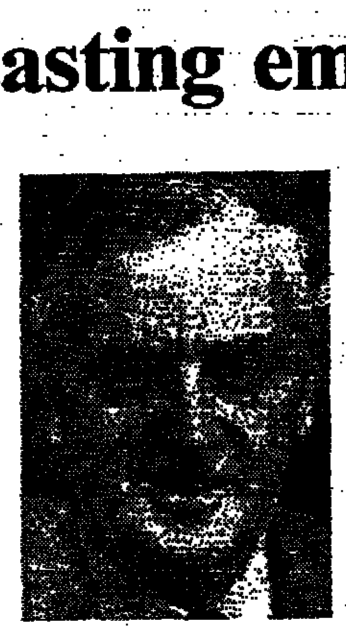
The tribunal also said both Mr Bond and Mr Aspinall misled an earlier 1986 inquiry into how the payment came to be made. It further declared that Mr Bond, in a 1988 television interview he gave on the payment, had – contrary to Mr Bond's subsequent assertions – intended to convey that "he had been placed in a position of commercial blackmail" by Sir Joh.

On the AMP incident, the tribunal's findings are no less embarrassing for Mr Bond, since it accepts unreservedly the evidence of Mr Leigh Hall, the AMP official concerned, and rejects Mr Bond's account.

On a third matter, relating to the submission of fake tapes to a radio licence inquiry, the tribunal put off a decision, pending further evidence.

In a separate but related development last night, opposition Labor Party figures in Queensland called on the state government to take action against Sir Joh over the A$400,000 payment because, they said, it represented an improper payment to a public official.

Alan Bond: will try to prove he is 'fit and proper'



Sir Joh Bjelke-Petersen: focus of defamation payout

KIO pulls out of Spanish banking

By Tom Burns in Madrid

TORRAS HOSTENCH, the investment arm in Spain of the Kuwait Investment Office, has acquired a war chest for the expansion of its Spanish interests following the Pta42bn ($362m) sale of its equity in Banco Central to its portfolio partners in the bank, the Madrid real estate group Construcciones y Contratas.

The sale, announced yesterday, meant the effective withdrawal of KIO from Spanish banking and the full commitment of its Torras holding to the development of its industrial holdings in Spain and Europe. Conycon has agreed to pay one-third of the total and the balance over four years.

Torras said the sale to Conycon of Torras' 48 per cent holding in the Cartera Central portfolio company had been "friendly" and had ended an "increasingly uncomfortable" situation between the Kuwaiti-controlled company and its Spanish partners.

Cartera Central was created in November 1987 as a joint venture between KIO and Conycon that pooled existing Kuwaiti shares in Banco Central with new acquisitions made by the Madrid real estate company. Under the agreement Conycon held the controlling interest in the portfolio company and Cartera Central built up a 12.5 per cent shareholding in Banco Central.

When last year Banco Central, which is Spain's second largest private bank, announced plans to merge with the third-ranked Banesto, Cartera Central bought a 2 per cent holding in Banesto with a view to holding the dominant position when the two banks finally came together.

The ambitious merger was shelved in February and Cartera Central, ahead of yesterday's development, had already announced its intention to sell its stake in Banesto to concentrate its interests solely on Banco Central.

The relationship between the two partners soured considerably earlier this year following the publicity that surrounded the break up of the marriage between Mr Alberto Cortina, joint chief executive of Conycon, and his wife Alicia Koplowitz, who owns the real estate company together with her sister Esther. Esther is the wife of Conycon's other chief executive, Mr Alberto Alcocer, who is Mr Cortina's cousin.

The sale makes Conycon the sole proprietors of Cartera Central and the portfolio company, which is run by former finance minister Mr Miguel Boyer, is expected to reshape its strategy now that it is loose of entanglements with the Kuwaitis and with Banesto.

Bertelsmann sees sharp rise

By Andrew Fisher in Frankfurt

BERTELSMANN, the West German publishing, music, and printing group, expects net profits in its next financial year to June 30 1990 to show a further sharp rise to around DM660m ($350m) from the DM420m it has forecast for 1988-89 and the DM362m achieved in 1987-88.

The company entered a new growth stage two years ago when it bought RCA music and Doubleday publishing in the US. Its US activities now account for about 30 per cent of turnover, set to increase by 8 per cent this financial year to DM12.2bn and by 7 per cent in 1989-90 to DM13bn.

Mr Mark Wössner, chairman, said the group was running well above its revenue and profit targets, with the US purchases integrating faster than expected. In the 1990s, Bertelsmann would aim to expand further in the US and also to develop in the Far East, where it is hardly represented.

He was speaking at a presentation on the group's issue of a further DM231m worth of profit-sharing certificates. The terms are one-for-three and the price is DM175 per note. The voting shares are held mainly by Mr Reinhard Mohn, who built up the group after the last war, and his family.

Mr Wössner said the net income figure aimed at for the next financial year would represent a 4.3 per cent return on turnover, high for Germany, compared with 3.5 per cent in 1988-89.

The group's consolidation phase after the RCA and Doubleday takeovers would be completed in 1990, two years faster than planned. It would then seek to expand.

Outlining Bertelsmann's operating profits – forecast to advance from DM807m last year to DM890m in 1988-89 and DM1.1bn next year – he said the main contributors were book clubs and the Gruner + Jahr magazine division, followed by printing, music and video, and book publishing. The electronic media activities would also make a small operating profit in 1989-90.

Golden Dumps returns to profit

By Jim Jones in Johannesburg

GOLDEN DUMPS, the small South African mining group, returned its two operating gold mines to profits in the first quarter of this year despite a drop in the average rand-denominated gold price.

Consolidated Modderfontein and South Roodepoort each increased milling-rates and cut underground development rates to reduce unit costs per tonne. They also increased gold production by concentrating on working the mines' richer areas.

Consolidated Modderfontein, which has suffered losses for several quarters, has closed one unprofitable shaft and reopened another containing comparatively small reserves of richer ore.

The mine's future depends largely on discovering payable black reef ore in the appropriately-named Geduld Channel – geduld is Afrikaans for patience.

Mr Loucas Pouroulis, the managing director, is encouraged by the grades of newly-discovered payshoots and says development towards the Geduld Channel is well advanced.

GOLDEN DUMPS GOLD QUARTERLIES

	Gold produced (kg) Mar 89	Dec 88	After-tax profit (Rm) Mar 89	Dec 88	Earnings per share (cents) Mar 89	Dec 88
Cons Modder	611	526	0.09	(2.95)	1.5	(10.9)
South Rood	275	197	0.34	(1.84)	0.7	(13.4)

Earnings per share calculated after tax and capital expenditure. Figures in parentheses are negative

Indonesia plans rescue package for steel venture

By John Murray Brown in Jakarta

THE Indonesian Government has announced a US$75m rescue package for what is expected to be the first stage of a restructuring at the troubled Cold Rolled Mill Indonesia.

CRMI is a steel joint venture between Krakatau, the state steel monopoly, and a company owned by Mr Liem Sioe Liong, the Chinese-Indonesian industrialist who controls the Hong Kong-based First Pacific trading group.

Funds for the project will come through a state bank loan at concessionary terms. This meets the conditions of a cash deficiency agreement under the original $550m funding contract and is intended to satisfy debt service payments to lenders.

A member of parliament for Golkar, the government party, said this week there were plans to inject $357m.

The project, which has annual capacity of 850,000 tonnes of cold rolled steel as used in car bodies, was funded by more than $500m of debt, both French and Spanish export credits and a commercial Eurocredit. The balance was made up of shareholders' equity.

Mr Tungky Ariwibowo, Krakatau president, said CRMI had failed to make a profit since being inaugurated in 1987. This was because of low sales volume, high import costs and the appreciating Japanese yen.

First City considers bid for 20 MCorp banks

By Janet Bush in New York

FIRST CITY Bancorp of Texas confirmed yesterday it was considering making a bid for the 20 MCorp banks seized by the Federal Deposit Insurance Corp last month.

Mr Robert Abboud disclosed his interest in acquiring the Deposit Insurance Bridge Bank in a public filing with the SEC. The filing said First City was evaluating its options and it might choose to acquire all or a part of Bridge Bank.

Houston-based First City itself received $970m in federal assistance last year and it is not clear if the FDIC would look favourably on any bid.

Mr Abboud steered First City through a successful first year, achieving a first-year return on equity of 0.84 per cent and earnings of $66m in 1988. Its share price has risen from $22⅞ in July to $30⅞.

The filing from First City is the first official signal of interest in buying the 20 M banks, but there have been rumours of interest from other sources such as the Pritzker family in Chicago and Kohlberg, Kravis, Roberts.

The FDIC seized the 20 banks on March 29 after the Office of the Comptroller of the Currency declared them technically insolvent. That action prompted MCorp, with five remaining banks, to file for protection under Chapter 11 of US bankruptcy law and to file a suit against the Comptroller and the FDIC which charged that they had unlawfully seized 12 solvent banks.

It is not clear, at this stage, whether the FDIC would be able to go ahead and sell the Bridge Bank while litigation is pending. Any sale would also have to be approved by the bankruptcy court.

● Wasserstein Perella, the investment banking boutique, said yesterday it was opening an office in Houston to increase its presence in the south-west and its participation in mergers and acquisitions in energy.

Bell Canada unit in licence move

By Robert Gibbens in Montreal

BCE Mobile Communications, an associate of the Bell Canada telephone utility, is joining a consortium seeking a licence to build a private digital cellular phone network in West Germany. The DNet II network would compete with the Bundespost cellular system.

The consortium is led by the Axel Springer publishing group and Cellular Communications of New York, which owns several cellular phone franchises in the US. Three other consortia are competing.

BCE Mobile is a leader in Canadian cellular phone and other communications systems.

Sara Lee to sell northern service unit

By Janet Bush in New York

SARA LEE, the Illinois-based group with interests ranging from bakeries to consumer products, said yesterday it was negotiating to sell the northern region of its PYA/Monarch food service business to members of its management and a group of outside investors.

The northern division is estimated to have sales of around $1bn. Under the proposed agreement, which is expected to be finalised before the end of the year, Sara Lee would retain the PYA/Monarch business in the south-east with sales of around $1.3bn.

The south-east food service division includes Morco Industries which Sara Lee acquired in July 1988, and which is expected to add significantly to sales and operating income in fiscal 1989. Morco is the primary supplier to Morrison's Restaurants in the south.

Two managers proposing to buy the northern division are Mr Jim Miller, chairman of PYA/Monarch, and Mr Jo Pearce, a vice president. The group of outside investors includes Chase Manhattan, the company said. The final group of outside investors has not been determined, and financing has not yet been finalised.

Mr John Bryan, chief executive of Sara Lee, is believed to have been considering for some time the sale of a majority interest of the food service business which has not achieved the first or second market position which the company has been aiming for.

Despite a series of acquisitions, Sara Lee stands at number three, behind Sysco and Kraft.

Cetus predicts loss of $50m

CETUS, a leading US biotechnology company, will probably post a loss of around $50m for the fiscal year to June 30 1989, Mr Robert Fildes, the company's president told an analysts' meeting in Zurich, Reuter reports.

The company suffered a net loss of $22.6m, or 36 cents a share, in the year ending June 30 1988, but this year, said Mr Fildes, "we will report a loss in the order of $50m-$55m."

The California-based company's loss will widen this year because of investment in developing its sales and marketing system for its Proleukin brand of interleukin-2.

Proleukin, an anti-cancer drug, is expected to be approved by European health authorities later this year and by the US Food and Drug Administration in the first half of 1990.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	High 1989	Low 1989
Gold per troy oz.	$382.25	-1.50	$450.50	$412.25	$380.25
Silver Per troy oz	341.4p	+0.1	343.05p	358 85p	327.45p
Aluminium 99 7% (cash)	$2097.5	+145	$2885	$2610	$1907.5
Copper Grade A (cash)	£1810 5	-32	£1304	£1982.5	£1634.0
Lead(cash)	£350.5	+11.5	£353.25	£392	£337
Nickel (cash)	$15450	+50	$16450	$19350	$15150
Zinc (cash)	$1692.5		£548	$2107 5	$1637.5
Tin (cash)	$967 25		£3657.5	$967.25	$7460
Cocoa Futures (Jul)	£782	-52	£895	£900	£779
Coffee Futures (Jul)	£1082	+13	£1130	£1270	£1069
Sugar (LDP Raw)	$313.6	+18.4	$222.4	$315 0	$235.8
Barley Futures (Sep)	£101.90	+0.75	£98.00	£113.50	£100.95
Wheat Futures (Jun)	£121.60	+0 90	£105 05	£121.65	£114.40
Cotton Outlook A Index	72 40c	+3 9	65.65c	72.40c	61 35
Wool (64S Super)	660p	+5	600p	710p	645p
Rubber (Spot)	59 25p	+1.50	63.75p	64p	56p
Oil (Brent Blend)	$19.50q	-0 85	$15.54	$20.35	$16.125

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb q-Apr.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$18 15-6 25z	+325
Brent Blend	$19 45-9 55q	+0 25
W.T.I. (1 pm est)(May)	$19 97-20 02	+0 17
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$261-265	-1 5
Gas Oil	$155-157	
Heavy Fuel Oil	$90-92	+2
Naphtha	$175-177	+1 5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$382 25	-2.25
Silver (per troy oz)♣	577c	-5
Platinum (per troy oz)	$522 75	-5 00
Palladium (per troy oz)	$164 50	-1.75
Aluminium (free market)	$2095	+60
Copper (US Producer)	136½-138c	+1 5
Lead (US Producer)	37 5c	
Nickel (free market)	690c	
Tin (European free market)	$967 25	-87 5
Tin (Kuala Lumpur market)	25 29r	+0 11
Tin (New York)	443.5c	+4 0
Zinc (US Prime Western)	90½c	
Cattle (live weight)†	121 18p	+7 99*
Sheep (dead weight)†	239 81p	+10 8*
Pigs (live weight)†	79 24p	-2 03*
London daily sugar (raw)	$313 6v	+5.8
London daily sugar (white)	$336.0v	+7.0
Tate and Lyle export price	£296 0	+3.5
Barley (English feed)	£121 5	+4 5
Maize (US No 3 yellow)	£133 25	-0.25
Wheat (US Dark Northern)	£125 75v	
Rubber (spot)♥	59.25p	
Rubber (May) ♥	67 75p	
Rubber (Jun) ♥	68.00p	
Rubber (KL RSS No 1 May)	300 0m	+0.5
Coconut oil (Philippines)§	$542 5w	
Palm Oil (Malaysian)§	$377.5x	-2 5
Copra (Philippines)§	$350	
Soyabeans (US)	$198z	+3
Cotton "A" index	72 40c	+0 25
Wooltops (64s Super)	660p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. v-Apr/May. u-Mar. q-Apr. x-May Sep. w-May/Jun. z-May. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
May	767	772	791 765
Jul	782	779	794 775
Sep	795	795	806 790
Dec	827	826	832 820
Mar	817	815	823 810
May	817	815	822 812
Jul	825	820	827 817

Turnover 11064 (16829) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Apr 7 987 24 (998.09) 10 day average for Apr 10 1041 64 (1048.16)

COFFEE £/tonne

	Close	Previous	High/Low
May	1115	1113	1116 1103
Jly	1082	1078	1085 1070
Sep	1056	1050	1055 1044
Nov	1044	1044	1044 1034
Jan	1042	1043	1043 1034
Mar	1042	1040	1035 1034
May	1042	1042	

Turnover 1448 (2757) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Apr 6: Comp. daily 115.88 (116.26); 15 day average 115.46 (115.69).

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low
May	274 40	279 00	283.00 262.00
Aug	271.00	274.80	277 00 262 00
Oct	270 00	271.80	274 00 261 00
Dec	268.60	266.00	266 00
Mar	264.00	261.00	262.00 255.00
May	262.00	258.00	262.00
White	**Close**	**Previous**	**High/Low**
May	332.50	335 00	337.50 325 00
Aug	329 00	332 00	333 50 321 50
Oct	319.00	321 00	323.00 315 00
Mar	306.00	308 00	310 00 304 00

Turnover. Raw 6201 (7185) lots of 50 tonnes. White 1058 (3640).
Paris- White (FFr per tonne): May 2085, Aug 2068, Oct 1990 Dec 1930 Mar 1918, May 1925.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 20,400 tonne
Cash	2095-100	2050-60		2095-100		
3 months	2038-40	2025-30	2070/2035	2050-1	2030-5	29,678 lots
Copper, Grade A (£ per tonne)						Ring turnover 28,550 tonne
Cash	1808-13	1805-8		1815-20		
3 months	1707-8	1699-700	1718/1704	1713-4	1709-10	71,478 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	572-5	578-80		577-9		
30 June	586-9	591-2		590-3		351 lots
Lead (£ per tonne)						Ring turnover 10,900 tonne
Cash	350-1	342.5-3.5	352/351	351.5-2		
3 months	355-5.5	351.5-2	360/352.5	359.5-60.5	354.5-5	9,462 lots
Nickel ($ per tonne)						Ring turnover 1,530 tonne
Cash	15400-500	15450-500	15450	15300-400		
3 months	15100-50	15100-200	15300/15000	15050-100	15050-150	7,140 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 8,225 tonne
Cash	1715-20	1685-90	1715/1708	1706-7		
3 months	1672-5	1662-5	1680/1673	1675-8	1670-80	8,284 lots
Zinc ($ per tonne)						Ring turnover 10,300 tonne
Cash	1690-5	1650-5		1680-5		
3 months	1625-30	1612-5	1635/1625	1630-3	1625-30	12,855 lots

POTATOES £/tonne

	Close	Previous	High/Low
Apr	98 0	99.5	100.0 96 0
May	122 8	125 0	130.0 120 0
Nov	88.0	90.0	89 0
Apr	132.0	133 5	134.0 131.5

Turnover 640 (1258) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Jun	151 00	150.00	151.00
Aug	147.50	147.00	147.50 146.50
Oct	147.50	147.00	147.50

Turnover 47 (230) lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
Apr	1643	1620	1655 1622
May	1620	1573	1623 1573
Jul	1395	1369	1400 1380
Oct	1480	1460	1485 1478
Jan	1530	1520	1530 1507
Apr	1580	1562	1580
BFI	1622	1620	

Turnover 763 (427)

GRAINS £/tonne

Wheat	Close	Previous	High/Low
May	120.60	120.40	120 75 120.15
Jun	121.60	121.65	121.75 121.40
Sep	104.85	104.50	104.85 104 60
Nov	107.15	106.80	107.15 106.90
Jan	110 15	109.60	110.15 109.80
Mar	113.15	112.80	113 15
Barley	**Close**	**Previous**	**High/Low**
May	110.90	111.45	111.00 110.90
Sep	101.90	101.60	101.90 101.65
Nov	104.90	104.50	104.90 104.60
Jan	107.90	107.50	107.90
Mar	111 00	110 55	111 00

Turnover: Wheat 325 (355). Barley 42 (25).
Turnover lots of 100 tonnes.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	382-382½	225-225½
Opening	384½-385	225¼-226¼
Morning fix	384.40	225.719
Afternoon fix	382.25	224.855
Day's high	384¾-385¼	
Day's low	381½-382	

Coins	$ price	£ equivalent
Mapleleaf	393-398	231½-234½
Britannia	393-398	231½-234½
US Eagle	393-398	231½-234½
Angel	393-398	231½-234½
Krugerrand	382-385	225-227
New Sov.	90½-91½	53¼-54
Old Sov.	90½-91½	53¼-54
Noble Plat	528.85-537.55	310.70-315.90

Silver fix	p/fine oz	US cts equiv
Spot	341.40	581.25
3 months	352 35	595.85
6 months	363.35	611.25
12 months	385.60	644.30

CRUDE OIL $/barrel

	Close	Previous	High/Low
May	18.55	18.43	18.60 18.37
Jun	17.83	17.67	17.89 17.63
Jul	17.24	17.10	17.24 17.10
IPE Index	18.31	18.78	

Turnover: 5381 (8070)

GAS OIL $/tonne

	Close	Previous	High/Low
Apr	154.75	153.00	155.75 152.75
May	149 50	148.00	150.25 147.75
Jun	146.25	146.00	147.50 145.50
Jul	146.75	146.00	147 00 145.00
Aug	146.00	145.75	146.00 145.75
Oct	149.50	148.75	149.50
Nov	151.00	150.00	151.50 150.00
Dec	152.50	149.50	152.50

Turnover 5717 (9806) lots of 100 tonnes

US MARKETS

IN THE METALS, prices fell in most markets with the release of the US employment numbers, reports Drexel Burnham Lambert. Gold was the days most active metal, falling to a low of $381.50 in the April contract. Commission houses were featured sellers while local buying, prompted by a higher energy complex, prevented further declines. Copper futures produced the only rally in the metals as prices gained on a lack of fund selling. In the softs, sugar futures had a very choppy session. The May contract had a trading range of more than 100 points. Prices ended the day lower with trade groups being the days best sellers. Fund buying and light trade activity helped advance the coffee. In livestock trading, pork bellies were again lower as the increased pace of slaughter and light retail demand continues to weigh on the market. Cattle futures gained as a discount of futures to cash and the retailers shortage of supply helped kept the market firm. Negative fundamentals and carryover selling put pressure on the hogs.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Apr	383.4	384.0	384.8	381.5
May	385.0	385.7	0	0
Jun	388.0	388.7	390.2	388.0
Aug	393.1	393.8	394.5	391.3
Oct	398.8	399.5	397.8	397.3
Dec	404.5	405.2	406.2	402.5
Feb	410.1	410.8	0	0
Apr	415.9	416.6	415.3	415.3
Jun	421.7	422.4	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	524.7	523.7	528.0	521.0
May	524.7	523.7	0	0
Jul	525.2	524.2	528.5	519 5
Oct	526.7	525.7	527.5	523.5
Jan	528.7	527.7	0	0
Apr	531.2	530.2	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Apr	576.9	580.0	574.5	574.5
May	579.8	583.3	585.5	577.0
Jun	585.2	588.7	588.0	582.0
Jul	590.6	594.1	598.5	588.0
Sep	601.5	605.0	606.0	598.5
Dec	617.2	620.8	623.5	615.0
Jan	622.3	625.9	0	0
Mar	632.9	636.6	635.0	630.5
May	643.5	647.2	0	0
Jul	654.5	658.2	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Apr 6	Apr 5	mnth ago	yr ago
2009.2	2007.3	2005.5	1718.4

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	134.87	134.48	138.45	129.78
Futures	135.92	136.28	142.09	133.33

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	133.90	130.75	134.00	134.00
May	132.80	129.90	133.00	130.50
Jun	129.10	126.30	0	0
Jul	125.40	122.80	125.70	123.40
Sep	120.30	118.20	120.50	118.70
Dec	115.60	113.70	115.20	114.30

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
May	19.97	19.80	20.11	19.90
Jun	19.17	18.98	19.26	19.02
Jul	18.60	18.45	18.68	18.50
Aug	18.20	18.00	18.21	18.04
Sep	17.77	17.65	17.85	17.69
Oct	17.57	17.38	17.60	17.45
Nov	17.37	17.14	17.37	17.25
Dec	17.14	16.96	17.18	17.05
Jan	16.97	16.79	16.97	16.85
Feb	16.90	16.67	16.90	16.82

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Jun	4990	4958	5010	4940
Aug	4925	4921	4938	4905
Sep	4975	4974	4985	4960
Oct	5020	5032	5040	5020
Nov	5085	5090	5088	5082
Dec	5135	5150	5135	5100
Feb	5060	5150	5060	5060

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	1282	1300	1314	1280
Jul	1247	1266	1282	1240
Sep	1236	1258	1269	1230
Dec	1250	1269	1279	1247
Mar	1253	1265	1275	1255
May	1261	1266	1278	1254
Jul	1247	1269	1282	1240

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	133.84	132.09	134.30	131.80
Jul	127.67	126.31	127.75	126.26
Sep	122.93	121.50	123.00	121.35
Dec	119.80	118.35	119.80	118.70
Mar	118.28	117.25	118.50	117.30
May	117.50	117.38	0	0
Jul	115.75	116.50	0	0
Sep	118.50	116.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	12.37	12.66	12.86	11.75
Jul	12.36	12.42	12.59	11.70
Oct	12.18	12.21	12.34	11.71
Jan	11.80	11.20	0	0
Mar	11.73	11.69	11.77	11.35
May	11.65	11.60	11.70	11.65
Jul	11.67	11.53	11.65	11.61

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	63.31	63.38	63.66	63.12
Jul	64.34	64.27	64.60	63.82
Oct	65.00	64.50	65.00	64.65
Dec	64.75	64.25	64.75	64.32
May	65.50	65.50	0	0
Jul	66.00	65.90	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	163.50	165.15	164.25	163.05
Jul	165.65	167.05	166.30	165.20
Sep	163.60	164.85	164.10	163.20
Nov	153.95	155.00	154.40	153.60
Jan	149.60	150.15	149.35	149 25
Mar	148.55	149.00	147.50	147.50
May	148.55	149.00	0	0
Jul	148.55	149 00	0	0
Sep	148.55	149.00	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	711/6	714/0	716/4	710/4
Jul	722/0	725/0	727/0	721/0
Aug	722/6	726/6	727/0	721/0
Sep	712/6	717/2	718/4	711/0
Nov	711/2	717/0	720/0	709/4
Jan	720/6	726/6	728/4	718/4
Mar	731/4	736/0	737/4	729/4
May	734/0	740/0	743/0	734/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	22.24	22.09	22.27	21.95
Jul	22.85	22.69	22.87	22.55
Aug	23.14	22.99	23.16	22.84
Sep	23.39	23.29	23.40	23.11
Oct	23.57	23.45	23.60	23.30
Dec	23.90	23.82	23.90	23.62
Jan	23.95	23.90	23.95	23.80
Mar	24.35	24.22	24.30	24.40

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	219.1	220.7	221.5	219.0
Jul	218.1	219.9	221.0	218.0
Aug	216.8	218.6	219.3	216.7
Sep	215.5	216.5	217.9	215.5
Oct	213.2	216.0	215.8	213.0
Dec	212.8	215.0	215.5	212.8
Jan	212.5	214.2	215.0	212.5
Mar	212.5	213.0	212.0	213.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	265/0	265/4	266/6	264/6
Jul	267/4	267/4	268/4	266/6
Sep	261/0	261/6	262/2	260/0
Dec	259/0	260/2	261/0	258/0
Mar	265/0	267/0	267/0	265/0
May	267/4	268/2	269/0	267/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	391/4	400/4	399/4	390/4
Jul	386/4	391/6	392/0	385/0
Sep	394/6	399/4	399/4	393/4
Dec	408/0	413/4	413/0	406/0
Mar	414/0	419/0	416/0	412/0
May	406/0	412/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	77.85	77.67	78.07	77.27
Jun	72.37	72.07	72.47	71.55
Aug	68.62	68.65	68.97	67.90
Sep	68.90	68.80	0	0
Oct	69.25	69.30	69.50	68.45
Dec	70.35	70.37	70.80	69.40
Feb	70.75	70.70	70.75	70.00

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	39.55	39.97	39.90	39.35
Jun	45.10	45.27	45.30	44.67
Jul	45.65	45.65	45.80	45.20
Aug	44.52	44.40	44.65	43.80
Oct	41.10	41.17	41.30	40.80
Dec	42.85	42.95	43.05	42.52
Feb	43.77	43.95	43.95	43.70

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	34.32	34.40	34.60	33.65
Jul	34.32	34 62	34.70	33.82
Aug	33.82	33.80	34.00	33.27
Feb	48.35	48.77	48 75	47 75
Mar	47.10	48.00	48.60	47.10
May	47.50	47.80	0	47.50
Jul	48.65	48.70	0	48.65

LONDON MARKETS

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Bilton (Percy)	fin	9.95	-	9.08	15.1	13.98
Cost Stationery	fin	2.6	-	2.25	3.5	3
ICH	int	nil	-	3	-	7.5
Laird Group	fin	5.2	-	4.6	8.7	7.7
Olives Hidge	fin	7.5	-	nil	7.5	nil
RKF Group §	fin	2.25 †	May 25	1.5	3.375	2.28
STV	fin	15.25	-	13.5	19	17

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1989 High	1989 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price £	+ or -
[illegible]							

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price p	+ or -
[illegible]							

[illegible]

GRANVILLE

SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E
320	185	Ass. Brit. Ind. Ordinary	317xd	0	10.3	3.2	11.9
310	186	Ass. Brit. Ind. Cals	310	0	10.0	3.2	-
42	25	Armitage and Rhodes	38	0	-	-	-
57	29	BBB Design Group (USM)	28	0	2.1	7.3	4.5
173	150	Bardon Group (SE)	168	0	2.7	1.6	28.7
117	100	Bardon Group Cv. Pref. (SE)	109xd	0	6.7	6.1	-
148	103	Bray Technologies	109xd	+1	5.9	5.4	9.6
114	100	Brennhill Conv. Pref	108	0	11.0	10.2	-
300	246	CCL Group Ordinary	300	0	12.3	4.1	4.5
175	124	CCL Group 11% Conv.Pref	175xd	0	14.7	8.4	
178	129	Carbo Plc (SE)	178xd	0	7.6	4.3	10.5
113	100	Carbo 7.5% Pref (SE)	110	0	10.3	9.4	
387	147	George Blair	387xd	0	12.0	3.1	8.5
122	60	Isis Group	122	0	-		16.1
141	87	Jackson Group (SE)	135	-5	3.3	2.4	14.9
316	245	Multihouse NV (AmstSE)	316	+1	-	-	-
119	40	Robert Jenkins	101	+1	7.5	7.4	3.8
430	124	Scrutons	420	0	8.0	1.9	38.2
280	194	Torday & Carlisle	277	0	9.3	3.4	9.7
280	100	Torday & Carlisle Conv Pref	107	0	10.7	10.0	-
106	56	Trevian Holdings (USM)	106	+1	2.7	2.6	11.4
113	100	Unistrut Europe Conv Pref	110	0	8.0	7.3	-
387	350	Veterinary Drug Co. Plc	387	0	22.0	5.7	9.4
370	203	W.S Yeates	340	0	16.2	4.8	68.4

Securities designated (SE) and (USM) are dealt in subject to the rules and regulations of The Stock Exchange. Other securities listed above are dealt in subject to the rules of TSA

These Securities are dealt in strictly on a matched bargain basis. Neither Granville & Co. Limited nor Granville Davies Limited are market makers in these securities

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FT 30	FTSE 100	WALL STREET
Apr. 1685/1694 -3	Apr. 2050/2060 -8	Apr. 2301/2313 +7
Jun. 1712/1721 -4	Jun. 2083/2093 -9	Jun. 2316/2328 +7

Prices taken at 5pm and change is from previous close at 9pm

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Stronger tone for the dollar

THE DOLLAR finished towards its best level of the day in currency markets yesterday, boosted by a fall in US unemployment to a 15-year low.

A smaller than expected rise of 180,000 in March non-farm payroll employment saw the dollar slip briefly to DM1.8640 against the D-Mark, but it soon recovered on news of a fall to 5 per cent in the employment rate. This could put further upward pressure on US inflation, as it suggests continued strong economic growth, and investor demand pushed the US unit up to a best level of DM1.8775 before it closed at DM1.8745 compared with DM1.8685 on Thursday.

The slightly softer tone towards the close of trading reflected concern that central banks could intervene to control the dollar's rise.

Against this background, many investors will be wary of trying to push the dollar much firmer. There have already been two unsuccessful attempts to sustain a break through the DM1.89 level - regarded by many dealers as a key resistance point - and with US trade data for February due for release next Friday, many institutions will prefer to remain on the sidelines.

The dollar closed at Y132.40 from Y131.85 and SFr1.6485 compared with SFr1.6390. It was also higher against the French franc at FFr6.3325 from FFr6.3075. On Bank of England figures, the dollar's exchange rate index rose from 68.2 to 68.4.

Sterling finished on a slightly weaker note. Forecasts of rising inflation and a widening trade gap have combined to undermine investors' confidence in the pound. Its exchange rate index finished at 95.4, unchanged from the opening but down from 95.5 on Thursday.

The pound slipped to $1.6975 from $1.7045 and DM3.1825 compared with DM3.1850. It was unchanged against the yen and French franc at Y224.75 and FFr10.750 respectively. Elsewhere, it edged up against the Swiss franc to SFr2.8000 from SFr2.7950.

The mood of uncertainty surrounding sterling was reflected in the London Liffe market where the June short-sterling contract fell 26 ticks through two key support levels to finish at 86.71. This now discounts just over a quarter point rise in UK base rates.

While a strong pound is regarded by the Government as a key element in bearing down on inflation, analysts expect the authorities to resist a rise in rates for as long as possible, and the Bank of England may resort to buying sterling in currency markets before sanctioning a further rise in base rates.

£ IN NEW YORK

Apr.7	Latest	Previous Close
£ Spot	1.7010-1.7020	1.7010-1.7020
1 month	0.48-0.47pm	0.38-0.36pm
3 months	1.39-1.36pm	1.14-1.11pm
12 months	3.72-3.65pm	3.20-3.10pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Apr.7	Previous
[illegible]		

CURRENCY RATES

Apr.7	Bank rate %	Special* Drawing Rights	European Currency Unit
[illegible]			

*All SDR rates are for Apr.6

CURRENCY MOVEMENTS

Apr.7	Bank of England Index	Morgan** Guaranty Changes %
[illegible]		

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) *Rates are for Apr.6.

OTHER CURRENCIES

Apr.7	£	$
[illegible]		

*Selling rate

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.6975	[illegible]			
D-mark	[illegible]				
French Fr.	[illegible]				
Swiss Fr.	[illegible]				
Yen	224.75	223.22	218.59	215.70	208.23

POUND SPOT- FORWARD AGAINST THE POUND

Apr.7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6940 - 1.7080	1.6970 - 1.6980	0.38-0.35cpm	2.58	1.16-1.12pm	2.68
Canada	2.0185 - 2.0340	2.0250 - 2.0560	0.12-0.01cpm	0.39	0.43-0.27pm	0.69
Netherlands	3.57¼ - 3.59½	3.58½ - 3.59½	2-1¼cpm	6.27	5¼-5¾pm	6.20
Belgium	66.25 - 66.75	66.55 - 66.65	29-23cpm	4.68	85-74pm	4.77
Denmark	12.35¼ - 12.39	12.35¾ - 12.36¾	4½-3¼orepm	3.58	12½-11¼pm	3.84
Ireland	1.1895 - 1.1940	1.1905 - 1.1915	0.50-0.45ppm	4.79	1.47-1.37pm	4.77
W. Germany	3.17½ - 3.18½	3.18 - 3.18½	1¾-1½pfpm	6.36	5¼-5pm	6.44
Portugal	261.35 - 262.70	261.70 - 262.70	1-38cdis	-0.89	15-105dis	-0.92
Spain	196.85 - 197.60	196.90 - 197.20	18-6cpm	0.73	40-35pm	0.76
Italy	2328½ - 2335	2333½ - 2334½	4-par lirepm	1.03	8-3pm	0.94
Norway	11.54¾ - 11.59	11.54¾ - 11.55¾	2-1orepm	1.56	5¼-4¼pm	1.64
France	10.72½ - 10.76	10.74½ - 10.75½	4-3½cpm	4.19	11¼-11pm	4.23
Sweden	10.83¼ - 10.86¾	10.84¼ - 10.85¼	1¾-1¼orepm	1.59	4¾-3½pm	1.50
Japan	224 - 225¼	224¼ - 225¼	1¾-1¾ypm	8.01	4¾-4½pm	8.23
Austria	22.32 - 22.39	22.32 - 22.35	12-11gropm	6.18	38-33pm	6.36
Switzerland	2.78¼ - 2.80½	2.79½ - 2.80½	1¾-1½cpm	6.96	5¼-5pm	7.32

Belgian rate is convertible francs. Financial franc 66.95-67.05. Six-month forward dollar 2.22-2.17cpm 12 months 3.55-3.45pm. Correction for Apr.6, Belgian Financial franc 66.85-66.95

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Apr.7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6940 - 1.7080	1.6970 - 1.6980	0.38-0.35cpm	2.58	1.16-1.12pm	2.68
Ireland†	1.4225 - 1.4305	1.4225 - 1.4235	0.28-0.33cdis	-2.57	0.86-0.96dis	-2.56
Canada	1.1905 - 1.1940	1.1925 - 1.1935	0.20-0.24cdis	-2.21	0.57-0.63dis	-2.01
Netherlands	2.1020 - 2.1165	2.1140 - 2.1150	0.63-0.61cpm	3.52	1.87-1.83pm	3.50
Belgium	39.00 - 39.30	39.20 - 39.30	8.00-6.00cpm	2.14	23.00-18.00pm	2.09
Denmark	7.24¼ - 7.29¼	7.28 - 7.28½	0.75-0.50orepm	1.03	2.35-1.95pm	1.18
W. Germany	1.8630 - 1.8775	1.8740 - 1.8750	0.61-0.59pfpm	3.84	1.79-1.76pm	3.79
Portugal	154.20 - 154.70	154.60 - 154.70	35-55cdis	-3.49	115-165dis	-3.62
Spain	115.50 - 116.45	116.35 - 116.45	17-20cdis	-1.91	57-61dis	-2.03
Italy	1366 - 1375	1374¼ - 1375¼	1.30-2.30liredis	-1.57	4.80-6.80dis	-1.69
Norway	6.77¾ - 6.81	6.80¼ - 6.80¾	0.50-0.75oredis	-1.10	1.65-1.95dis	-1.06
France	6.29¾ - 6.33½	6.33 - 6.33½	0.85-0.80cpm	1.57	2.55-2.40pm	1.57
Sweden	6.35¼ - 6.39¾	6.38¾ - 6.39¼	0.45-0.60oredis	-0.99	1.75-2.05dis	-1.19
Japan	131.60 - 132.50	132.35 - 132.45	0.63-0.61ypm	5.62	1.87-1.84pm	5.61
Austria	13.13½ - 13.17	13.17 - 13.17½	4.10-3.70gropm	3.55	12.40-11.20pm	3.58
Switzerland	1.6330 - 1.6495	1.6480 - 1.6490	0.60-0.57cpm	4.26	1.75-1.71pm	4.20

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 39.40-39.50.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Apr.7	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.5811	+2.64	+0.94	±1.5344
Danish Krone	7.85212	8.08866	+3.01	+1.31	±1.5404
German D-Mark	2.05853	2.08128	+1.11	-0.59	±1.0981
French Franc	6.90403	7.02660	+1.78	+0.08	±1.3674
Dutch Guilder	2.31943	2.34765	+1.22	-0.48	±1.5012
Irish Punt	0.768411	0.780283	+1.55	-0.15	±1.6684
Italian Lira	1483.58	1527.16	+2.94	+1.94	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

Apr.7	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	12-11¾	12¼-12	[illegible]	13¼-13⅛	[illegible]	13¼-13⅛
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]						

Long term Eurodollars: two years 10¼-10⅛ per cent; three years 10¼-10⅛ per cent; four years 10⅛-10 per cent; five years 10⅛-10 per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Apr.7	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
[illegible]										

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

UK rates firmer

UK INTEREST rates continued to edge firmer in the London money market yesterday. Sentiment has taken on a much more bearish feel, and many investors expect renewed downward pressure on sterling

The key three-month interbank rate finished at 13¼-13⅛ per cent from 13⅛-13⅛ per cent. Short-term rates were easier,however, as funds remained in good supply. Weekend money opened at 12⅞ per cent and tailed away to 2 per cent at the close.

The Bank of England forecast a flat position. Factors affecting the market included bills maturing in official hands and a take up of Treasury bills, together with repayment of any late assistance draining £65m. There was also a rise in the note circulation of £375m, and banks brought forward balances £130m below target. These were partly offset by Exchequer transactions

The forecast was revised to a shortage of around £150m, and the Bank gave assistance in the morning of £171m through outright purchases of £1m of eligible bank bills in band 3, and in band 4, £4m of local authority bills and £166m of eligible bank bills

UK clearing bank base lending rate 13 per cent from November 25

FT LONDON INTERBANK FIXING

(11.00 a.m. Apr.7) 3 months US dollars — 6 months US Dollars

[illegible]

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime) — Treasury Bills and Bonds

[illegible]

Apr.7	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]					
Paris	[illegible]					
Zurich	[illegible]					
Amsterdam	[illegible]					
Tokyo	[illegible]					
Milan	[illegible]					
Brussels	[illegible]					
Dublin	[illegible]					

LONDON MONEY RATES

Apr.7	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	[illegible]					
Interbank Bid	[illegible]					
Sterling CDs	[illegible]					
Local Authority Deps.	[illegible]					
Local Authority Bonds	[illegible]					
Discount Mkt Deps	[illegible]					
Company Deposits	[illegible]					
Finance House Deposits	[illegible]					
Treasury Bills (Buy)	[illegible]					
Bank Bills (Buy)	[illegible]					
Fine Trade Bills (Buy)	[illegible]					
Dollar CDs	[illegible]					
SDR Linked Dep Offer	[illegible]					
SDR Linked Dep Bid	[illegible]					
ECU Linked Dep Offer	[illegible]					
ECU Linked Dep Bid	[illegible]					

Treasury Bills (sell); one-month 12¾ per cent; three months 12¾ per cent; Bank Bills (sell); one-month 12⅞ per cent; three months 12⅞ per cent; Treasury Bills: Average tender rate of discount 12.5707 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day March 31, 1989. Agreed rates for period April 26,1989 to May 25, 1989, Scheme I: 13.90 p.c. Schemes II & III: 14.37 p.c. Reference rate for period March 1 to March 31, 1989, Scheme IV&V: 13.058 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 13½ from April 1, 1989: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 9½ per cent; one-three months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; nine-twelve months 11 per cent; Under £100,000 9½ per cent from December 1,1988. Deposits withdrawn for cash 5 per cent.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
[illegible]				

Estimated volume total, Calls 3027 Puts 3221
Previous day's open int. Calls 23478 Puts 16757

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
[illegible]				

Estimated volume total, Calls 37 Puts 193
Previous day's open int. Calls 2379 Puts 1826

LIFFE £/$ OPTIONS

£25,000 (cents per £1)

Strike Price	Calls-settlements Apr	Calls-settlements May	Puts-settlements Apr	Puts-settlements May
[illegible]				

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 150 Puts 1600

LIFFE EURODOLLAR OPTIONS

£1m points of 100%

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
[illegible]				

Estimated volume total, Calls 95 Puts 110
Previous day's open int. Calls 2525 Puts 3414

LIFFE SHORT STERLING

£1m points of 100%

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
[illegible]				

Estimated volume total, Calls 755 Puts 1641
Previous day's open int. Calls 18700 Puts 16067

PHILADELPHIA SE £/$ OPTIONS

£31,250 (cents per £1)

Strike Price	Calls Apr	Calls May	Calls Jun	Calls Sep	Calls Dec	Puts Apr	Puts May	Puts Jun	Puts Sep	Puts Dec
[illegible]										

Previous day's volume: Calls 340,240 Puts 368,963 (All currencies)
Previous day's open int. Calls 8,151 Puts 8,4860 (All currencies)

LONDON SE £/$ OPTIONS

£12,500 (cents per £1)

Strike Price	Calls Apr	Calls May	Calls Jun	Calls Sep	Puts Apr	Puts May	Puts Jun	Puts Sep
[illegible]								

Estimated volume total, Calls N/A Puts N/A
Previous day's open int. Calls 149 Puts 141

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev.
[illegible]				

Estimated Volume 29909 (20364)
Previous day's open int. 24086 (23106)

7-10 YEAR 9% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev.
[illegible]				

Estimated Volume 0 (179)
Previous day's open int. 141 (272)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low	Prev.
[illegible]				

Estimated Volume 618 (544)
Previous day's open int. 763 (808)

THREE MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev.
[illegible]				

Est. Vol. (inc. figs. not shown) 30584 (20861)
Previous day's open int. 65716 (62779)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev.
[illegible]				

Estimated Volume 3289 (2990)
Previous day's open int. 17689 (17614)

THREE MONTH EURODOLLAR £1m points of 100%

	Close	High	Low	Prev.
Jun	89.51	89.70	89.45	89.52
Sep	89.38	89.43	89.35	89.41
Dec	89.34	89.42	89.33	89.38
Mar	89.68	89.73	89.67	89.71

Est. Vol. (inc. figs. not shown) 11730 (6422)
Previous day's open int. 50179 (50385)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev.
[illegible]				

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev.
[illegible]				

SWISS FRANC (IMM) SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
[illegible]				

US TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev.
[illegible]				

Estimated Volume 3285 (3314)
Previous day's open int. 6103 (6010)

6% NOTIONAL GERMAN GOVT. BOND DM 250,000 100ths of 100%

	Close	High	Low	Prev.
Jun	93.53	93.83	93.48	93.60
Sep	93.09	93.15	93.06	93.15
Dec	92.79			92.85

Estimated Volume 14787 (9322)
Previous day's open int. 32717 (33393)

JAPANESE YEN (IMM) Y12.5m $ per Y100

	Latest	High	Low	Prev.
[illegible]				

DEUTSCHE MARK (IMM) DM125,000 $ per DM

	Latest	High	Low	Prev.
[illegible]				

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev.
[illegible]				

STANDARD & POORS 500 INDEX $500 times index

	Latest	High	Low	Prev.
[illegible]				

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6975	1.6939	1.6861	1.6756	1.6625

IMM-STERLING $ per £

	Latest	High	Low	Prev.
[illegible]				

LONDON TRADED OPTIONS

DEALINGS in the FT-SE 100 Index overshadowed almost everything else on the London Traded Options Market yesterday, accounting for almost one-third of all dealings, and hitting a bearish tack as the index itself lost 6.8 points to 2,045.7, having reached an early morning low for the day of 2,027.7 and a peak shortly before the close of 2,045.9.

The index trading came to no less than 16,132 contracts, comprising 3,527 calls and 12,605 puts. There was opening of interest, particularly in the April 2,050 calls, on the early count of 1,029 contracts to 3,295 as overall open interest on the call side rose 555 contracts to 25,619. On the put side, there was an increase in the number of exerciseable contracts of 4,551 to 37,189.

The market had waited all week for the monthly employment figures from the US. There was a broad sense in which these were soothing, but the pound lost a little ground as the dollar rose, and there was a modest increase in short-term sterling interest rates.

One investor – acting through James Capel – controlled a good deal of the index turnover, the better part of a quarter of the day's business, buying the June 2,050 puts to the tune of 1,200 contracts, selling the June 2,000 puts to the tune of 1,200, and also selling 1,200 of the September 1,950 puts.

Plessey was the most heavily traded of the individual stocks, finding 4,411 contracts, made up of 2,300 calls and 2,111 puts, as the underlying price rose 5p to 257p, and the retirement was announced of Sir John Clark as head, and the appointment of Mr Stephen Walls to the position was projected.

There was mixed trading in the option on the stock, with opening of interest on both the call and put sides. There was,however, strong opening of interest in the November 260 and 280 calls, the first series attracting 652 contracts and an opening of 650 to 668, and the second 500, entirely opening, to 508. On the put side, most of the opening of positions was seen in the May 200s and November 240s.

British Petroleum attracted 3,212 contracts, made up of 793 calls and 1,519 puts. GEC saw 2,149 contracts, comprising 1,583 calls and 566 puts. British Gas and Guinness were also active.

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Alld Lyons (*441)	420	22	37	50	1	11	14
	460	1	16	28	21	32	35
Brit. Airways (*197)	180	18	23	28	½	5	6
	200	2	12	17	5	14	16
	220	1	5	9	24	28	29
Brit. Cons (*206)	200	9	19	28	3	8	11
	220	1½	9	16	14	20	22
	240	½	5	10	36	38	40
[illegible]							

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Storehouse (*169)	160	9	19	24	1½	8½	11
	180	1	11	14	14	23	24
	200	½	5	8	33	39	40
Trafalgar (*361)	360	7	18	30	4	18	22
	390	2	8	17	32	42	44
Utd. Biscuits (*314)	300	15	28	38	½	11	13
	330	1	14	22	17	24	28
	360	½	7	13	47	50	52
[illegible]							

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
Racal (*377)	330	54	65	80	3	9	13
	360	30	43	56	6	18	24
	390	11	26	44	22	32	38
R.T.Z. (*535)	460	80	95	-	2	7	-
	500	45	65	77	6	18	22
	550	12	35	50	28	38	43
Scot. & New (*302)	300	19	27	36	13	22	29
	330	8	16	22	30	40	45
Tesco (*153)	130	25	28	-	1½	2	-
	140	16	20	24	2	4	5
[illegible]							

FT-SE INDEX (*2043)

	Apr	May	Jun	Jul	Jun	Jul
[illegible]						

April 7 Total Contracts 31,339. Calls 28,371. Puts 22,968. FT-SE Index Calls 3,527 Puts 12,605. *Underlying security price.

WORLD STOCK MARKETS

NEW YORK (3 pm)

April 7	US$	+ or –
Cons Edison	45⅝	[illegible]
Cons Freight	33⅝	+1¼
Cons Nat Gas	40⅝	+⅛
Cons. Paper	36	+⅛
Cons. Rail	32⅝	+⅛
Cont I Bank Corp	21	+⅛
Cont I Corp	33⅞	+⅛
Cont Tel Corp	55⅝	+1
Control Data	21⅝	–1
Cooper Inds	55⅝	+⅛
Coors Adolph	18⅝	—

April 7	US$	+ or –
Interco	2⅝	–⅛
Intergraph Corp	15⅛	+⅛
Interlake	40	+⅛
IBM	109⅞	+1⅛
Intl Flavours	51⅝	–⅛
Intl Income Pro	13⅝	–⅛
Intl Min & Chem	41⅛	+⅛
Intl Multifoods	27⅛	+⅛
Intl. Paper	46⅛	+⅛
InterTAN	46⅝	–⅛

April 7	US$	+ or –
Pacific Telecom	20½	+⅛
Pacific Telesis	35	—
PaineWebber	17⅛	+⅛
Pall	28⅝	–⅛
Pan Am Corp.	4⅛	–⅛
Panhandle Eastern	20⅛	–⅛
Parker Drilling	5⅝	+⅛
Parker Hannifin	27½	+⅛
Penn Central	24	+⅛
Penney (J.C.)	52⅛	+⅛

April 7	US$	+ or –
Tribune	43⅝	+⅛
Tri Continental	19⅝	–⅛
TRINOVA Corp	27⅝	+⅛
Triton Energy	13⅝	–⅛
Tyco Labs.	34	—
Tyler	9⅛	+1⅛
Tyson Foods	15	—
UAL	118⅛	+½
UST Inc.	24⅛	–⅛
USX Corp	32⅝	+⅛

CANADA (3 pm)

April 7	Can. $	+ or –
Shell Canada A	45⅝	–⅛
SHL Systemhouse	10⅛	–⅛
Southam	31⅝	–1⅛
Stelco	22⅝	+⅛
Teck B	18⅛	+⅛
Texaco Canada	40½	—
Thomson New	27⅛	—
Toronto Dom Bk	37⅝	+⅛
Transalta	13⅝	–⅛
Trans Can.Pipe	16.00	—
Varity Corp	3.40	+0.10
Westcoast Energy	17	+⅛
Weston (Geo)	37½	—

INDICES

NEW YORK — DOW JONES

	April 6	April 5	April 4	April 3	1989 High	1989 Low	Since compilation High	Since compilation Low
◆Industrials	2291.97	2304.80	2298.20	2304.80	2347.14 (7/2)	2144.64 (3/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	87.92	87.93	87.73	87.65	89.62 (8/2)	87.35 (23/3)	—	—
Transport	1066.30	1067.27	1057.89	1061.77	1087.97 (7/2)	959.95 (3/1)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	185.46	185.46	184.80	184.39	191.15 (24/1)	181.84 (24/2)	227.83 (22/1/87)	10.50 (8/4/32)

◆Day's High 2304.07 (2315.80) Low 2288.86 (2286.84)

STANDARD AND POOR'S	April 6	April 5	April 4	April 3	1989 High	1989 Low	Since compilation High	Since compilation Low
Composite ‡	295.29	296.24	295.31	296.39	299.63 (7/2)	275.31 (3/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial	339.89	340.97	340.14	341.29	346.41 (7/2)	318.66 (3/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	27.97	28.06	27.94	28.01	28.01 (3/4)	24.30 (3/1)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	166.02	166.45	165.95	166.43	168.10 (16/3)	154.98 (3/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	330.08	330.27	329.19	329.47	332.52 (16/3)	305.24 (3/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	408.20	408.30	407.18	407.65	409.51 (16/3)	378.56 (3/1)	455.28 (26/8/87)	54.87 (31/10/72)

	Mar 17	Mar 10	Mar 3	year ago (approx.)
Dow Industrial Div. Yield	3.70	3.70	3.70	3.35

	Mar 15	Mar 8	Mar 1	year ago (approx.)
S & P Industrial div. yield	3.13	3.16	3.23	2.94
S & P Indl. P/E ratio	13.17	13.04	12.68	15.35

TRADING ACTIVITY † Volume Millions

	April 6	April 5	April 4
New York	146.350	165.950	160.680
Amex	10.673	10.145	11.356
OTC	114.038	120.750	139.591

NEW YORK	April 6	April 5	April 4
Issues Traded	1,945	1,949	1,954
Rises	566	782	639
Falls	830	607	831
Unchanged	549	560	484
New Highs	54	71	55
New Lows	30	35	39

CANADA

TORONTO	April 6	April 5	April 4	April 3	1989 High	1989 Low
Metals & Minerals	3248.0	3253.8	3258.8	3289.6	3564.9 (6/2)	3207.5 (3/1)
Composite	3531.8	3556.2	3552.6	3562.2	3696.1 (8/2)	3350.5 (6/1)
MONTREAL Portfolio	1773.74	1769.96	1770.40	1785.74	1850.44 (8/2)	1677.48 (3/1)

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
SmithKline	4,088,900	67¼	+3¼
Lilco	2,266,600	15⅝	– ..
Limited Inc	2,025,100	26	–⅛
Exxon	1,751,700	43	–½
Baxter Intl	1,530,600	19⅝	–⅛
Phillips Pet	1,474,400	22½	–⅛
Ford Motor	1,341,300	46⅝	–⅛
Citicorp	1,289,200	29	–⅛
Syntex	1,234,300	43½	+⅛
NWA Inc	1,171,100	89¼	+1⅝

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Apr. 7	Apr. 6	Apr. 5	Apr. 4	1989 High	1989 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1412.9	1424.5	1426.3	1433.0	1551.7 (31/1)	1412.9 (7/4)
All Mining (1/1/80)	652.6	654.9	654.6	658.3	727.0 (26/1)	652.6 (7/4)
AUSTRIA						
Credit Aktien (30/12/84)	296.77	291.92	292.51	292.36	296.77 (7/4)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	5803.14	5801.98	5781.36	5749.10	5834.01 (10/2)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	297.45	295.78	293.70	297.45 (6/4)	275.49 (27/2)
FINLAND						
Unitas General (1975)	812.3	807.4	801.9	798.6	812.3 (7/4)	723.3 (4/1)
FRANCE						
CAC General (31/12/82)	453.3	454.3	453.1	451.0	457.3 (6/2)	417.9 (4/1)
Ind. Tendance (30/12/88)	106.5	106.5	106.4	106.3	108.1 (3/2)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	564.38	566.30	563.91	562.72	569.27 (8/2)	535.78 (27/2)
Commerzbank (1/12/53)	1678.5	1683.7	1679.3	1673.1	1705.6 (5/1)	1595.7 (27/2)
DAX (30/12/87)	1348.02	1345.50	1348.80	1339.79	1371.10 (5/1)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	3024.09	3015.51	(c)	2991.96	3209.96 (9/2)	2706.69 (3/1)
ITALY						
Banca Com. Ital. (1972)	603.79	605.75	606.33	607.49	615.89 (17/1)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	33185.05	32995.78	33360.79	33312.2	33360.79 (5/4)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2474.35	2469.78	2494.74	2483.01	2494.74 (5/4)	2366.91 (6/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	231.1	231.0	231.0	230.2	231.1 (7/4)	208.3 (3/1)
CBS All Shr (End 1983)	184.9	184.7	184.7	184.2	184.9 (7/4)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	603.11	605.05	610.78	612.09	615.51 (3/4)	467.17 (2/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	1186.66	1192.43	1191.26	1193.25	1194.63 (29/3)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1578.0‡	(c)	1582.0	1613.0	1639.0 (23/3)	1291.0 (15/2)
JSE Industrial (28/9/78)	2489.0‡	(c)	2493.0	2477.0	2493.0 (5/4)	1961.0 (3/1)
SPAIN						
Madrid SE (30/12/85)	294.13	292.95	291.61	291.25	294.13 (7/4)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	(u)	3912.2	3907.0	3892.0	3912.2 (6/4)	3333.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	665.2	665.2	661.2	659.2	665.2 (6/4)	613.1 (3/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	505.8	510.9	510.4	519.0 (17/2)	491.2 (28/3)

‡ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia, All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) Unavailable. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

WORLD STOCK MARKETS

AMERICA

Dow rises after release of latest employment figures

Wall Street

CONFUSING signals on the state of the US economy from the eagerly awaited March employment figures pushed stock and bond prices in opposite directions on Wall Street, *writes Anatole Kaletsky in New York.*

The Dow Jones Industrial Average rose steadily throughout the morning. By 2 pm it was 12.65 up at 2,304.62. Trading was moderate, with 105m shares changing hands on the New York Stock Exchange, where advancing shares outnumbered losers by almost two to one.

Bond prices fell in response to the news that civilian unemployment had dropped to 5 per cent, the lowest rate since 1973. But equity investors viewed the figures more favourably, focusing on the moderate rate of increase in payroll employment and concluding that the Federal Reserve Board was successfully navigating the economy between the dangers of inflation and a severe downturn.

As the morning progressed, the bond market, too, began to look more favourably at the employment figures and trimmed its losses to around ¾ at the long end. By early afternoon, the Treasury's benchmark long bond was down ¾ at 97¾, a price at which it yielded 9.07 per cent.

One factor holding up the bond market was the relative strength of the dollar, which moved towards the top of its recent range, trading at DM1.8760 and Y132.35. The Federal funds rate remained at 9¾ throughout the morning.

Apart from economic considerations, the biggest factor in the strength of equity prices was a positive shift in sentiment over computer stocks, which had been the market's worst performers in recent weeks.

Computer stocks led the market's rebound, as IBM rose $1⅛ to $109⅞ and Digital Equipment advanced $1⅝ to $97⅝. The biggest gainer, however, was Apple, which jumped $1 to $37 in response to good analysts' reports.

Semiconductor stocks also benefited, with Intel up $⅝ at $26¼ and Texas Instruments $⅝ ahead at $38⅝.

Other blue chips were mixed to slightly higher, though Merck was a notable exception. The pharmaceuticals giant fell $⅝ to $65⅛, perhaps in response to the shift in attention to the high-tech electronics companies.

Another significant loser was Texas Air, which fell $⅝ to $13⅛ as investors continued to weigh the effects of the company's sale of the bankrupt Eastern Airlines.

Apart from technology stocks, there were also big gains among some of the specialty retailers, a sector of the market which has been recovering strongly from its slump last year. The Limited gained $1⅛ to $27⅛ in unusually heavy trading.

Canada

QUIET trading by midday in Toronto left shares mostly unchanged. Investors were cautious after the US jobs figures. The composite index rose 0.02 to 3,551.81 as declines led advances by 241 to 186 on volume of 8.3m shares.

Tee-Comm, which said Canarm had bought a stake of 18 per cent, declined 3 cents to C$1.25.

Southam fell C$⅝ to C$31⅝ after rising on Thursday, when *Mr John Fisher*, president, refused to comment on whether the company was a takeover target and said a valuation of C$45 per share would be fair. The company said later that his comment did not mean Southam was for sale.

SOUTH AFRICA

AN ABSENCE of enthusiasm after Thursday's holiday and before the weekend left Johannesburg lower. Gold shares eased as the bullion price fell.

Canada relapses into drowsy state of mind

Low takeover activity and high interest rates are being blamed, writes **David Owen**

LAST WEEK, I bumped into an acquaintance whom I had believed to be a stockbroker. He proffered me a new business card. To cut a long story short, he has sold the BMW and embarked on a new career as a male model.

My friend is one of the 2,500 Toronto Stock Exchange-member employees (about 10 per cent of the total) who were made redundant during 1988. In that time, the 74 member companies made a cumulative loss of C$76.2m (US$63.8m). This virtually wiped out the previous year's bumper profit of C$84.7m. And there is scant sign of any light at the end of the tunnel just yet.

After three months of relative euphoria in the wake of the Conservative election victory of November 21, Canadian markets have relapsed into an increasingly somnolent mood.

In the absence of the takeover activity which, on several occasions, pushed daily volume in January above the 30m-share level, turnover has been tailing off again. Since Easter, even 20m-share days have acquired the status of collectors' items. On April 5, a single block trade of Westcoast Energy, an obscure British Columbia gas pipeline system operator 36 per cent held by Petro-Canada, accounted for close to 10 per cent of the day's volume.

Analysts ascribe the lull primarily to rising interest rates. At 13½ per cent, the prime lending rate charged by leading banks stands at its highest level since October 1984. This has enhanced the attractiveness of the rates of return available from competing risk-free fixed income investments *and also aroused suspicions* that the long-anticipated Canadian economic downturn may *finally be at hand.*

After six consecutive years of growth, it does not take much to persuade edgy investors – particularly those still licking their wounds after the October 1987 crash – to fear the worst and give equities a wide berth.

Nor is the market's performance providing any compelling incentive for buying stock. The benchmark TSE-300 composite index has traded since mid-February in a tight and trendless range of 3,550 to 3,650, closing on April 6 at 3,551.79 – off 4.34 on the day.

Bearish sentiment arising from recessionary fears and the hostile interest rate environment has, to date, been offset on Canada's resource-oriented exchanges by still buoyant commodities prices.

The difficulties in damping down inflation – which remains stubbornly at 4.6 per cent in spite of the Bank of Canada's diligence – have also prompted some interest in gold stocks. Though the price of the yellow metal has fallen by more than US$25 an ounce over the year to date, Toronto's gold & silver sub-index has risen 5.9 per cent.

A flicker of life has returned, too, to the highly gold-dependent Vancouver Stock Exchange. *The VSE index has clawed back 1.6 per cent of its value in the year to date. This follows a harrowing decline of* 31 per cent in 1988.

Among Toronto sub-groups, the fastest rising in the first quarter was paper & forest products, which advanced 11.6 per cent on the back of takeover activity. In January, Chicago-based Stone Container paid C$2.6bn for Consolidated-Bathurst. More recently, shares of Domtar, the Montreal-based pulp and paper company, advanced strongly following unsubstantiated rumours that Canadian Pacific Forest Products was poised to launch a bid.

The oil & gas sub-index is also up more than 10 per cent over the year to date, spurred by higher oil prices and the US$4.15bn purchase of Texaco Canada by Imperial Oil. Improved *quarterly* earnings may contribute to a further advance, analysts project.

None the less, a wave of lay-offs is expected in the oil-patch this summer as companies pursue greater efficiencies. Mobil Oil Canada this week revealed that it plans to cut 375 jobs within a year.

Communications & media, last year's star performer with an advance of 33 per cent, has added just 4.3 per cent so far in 1989. The stock of Canada's two leading cellular telephone manufacturers remains much in demand, however. BCE Mobile has soared from C$20¼ to C$32½ in the year to date. Over the same period, Rogers Communications 'A' has risen from C$74 to C$116. Last week, Rogers announced that it would spend C$1.1bn in the next three years to upgrade its cable television and telecommunications businesses. At the end of 1987, Rogers 'A' stock stood at just C$23¼.

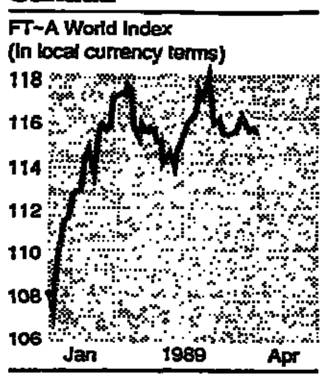
If more takeovers do not materialise, analysts expect the market to continue to drift fairly aimlessly until April 27, when Mr Michael Wilson, finance minister, is due to unveil his fifth budget.

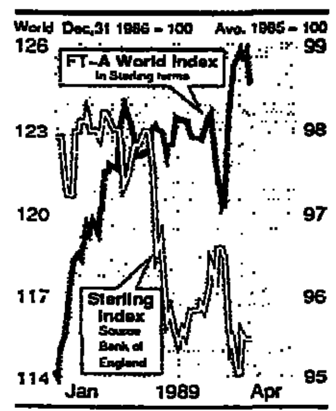
The package is expected to be a tough one, as Prime Minister Brian Mulroney's Government attempts to make significant inroads into its worrisome C$28bn budget deficit and to slow the rate of growth of its accumulated debt. This has doubled to more than C$320bn *in the space of five years.*

The task has been made doubly difficult by the upsurge in interest rates, which raises the cost of financing this debt. A year ago, the finance department was predicting that short-term interest rates would average 7.8 per cent in 1989. Their actual level is more than 12 per cent and climbing.

If the corrective package ultimately brought in by Mr Wilson is sufficiently harsh to meet the now rather elevated expectations of what lies in store, a spring rally of sorts may ensue. But if Mr Wilson is deemed too lax, there seems little to prevent the market from signalling its displeasure.

Canada





EUROPE

Fatigue flattens trading but specific sectors shine

PERFORMANCES were mixed in Europe, with some surprisingly strong gains, *writes Our Markets Staff.*

FRANKFURT closed marginally higher at the end of a week that failed to fulfil its early promise. Turnover fell back to DM2.89bn and the impending US employment figures kept investors hesitant. In the event, the data had little impact on after hours trading.

One London salesman described the week as "disappointing", with hopes of a break through the year's high of 569 on the FAZ index dashed by persistent interest rate worries. Reports of a split on interest rate policy within the Bundesbank council and the bank's decision to abandon a fixed rate on its latest securities repurchase tender had unsettled investors, he said. "It's going to require a very definite signal by the Bundesbank to get the markets back on course."

A wave of good news on the corporate front, both in results from the chemical majors and in press conferences and interviews with industrial groups at the Hanover Fair, has failed to encourage investors off the sidelines.

The FAZ index at midsession was up 0.47 at 564.38 and the DAX index closed just 2.52 higher at 1,348.02.

Interest focused on specific sectors such as retailers, where Hussel added DM13.30 to DM514.80, and constructions, where Hochtief rose DM20 to DM755. Metals were in demand, with Metallgesellschaft rising DM6 to DM429 and Preussag up DM5.50 at DM260.

Utility RWE was strong again, adding *DM9.50 to* DM267. Plans for a restructuring have given rise to hopes that the true value of the company and especially *its* industrial holdings may be realised, said one observer.

PARIS saw some good performances in disparate stocks but the general feeling was one of fatigue, and the bourse finished weaker with a slight fillip towards the close from Wall Street's early strength.

The CAC 40 index lost 5.63 to 1,650.06 and the OMF 50 index fell 1.75 to 467.37.

Housebuilder Maisons Phénix was the sharpest mover, jumping 11.2 per cent to FFr99, up FFr10, in very busy trading. Moulinex was also active but lost 10 centimes to FFr133.

Matra failed to pick up any points from news of its withdrawal from football sponsorship, following the market lower with a loss of FFr5.10 to FFr273.90. LVMH firmed slightly after its healthy profits, gaining FFr3 to FFr3,883 after dropping to FFr3,865.

AMSTERDAM finished a week of positive corporate results at a year's high, with volume maintained at an active Fl 826m. The US jobs figures for March proved confusing and gave little direction, but the CBS tendency index gained 0.7 to 175.7.

Insurer Aegon rose Fl 3.90 to Fl 97.90 after reporting a 15 per cent rise in profits and a dividend above expectations and saying 1989 results would be clearly higher than the previous year.

Transport stock Van Ommeren Ceteco edged up 10 cents to Fl 43.10 after initially falling on its 35 per cent profits rise, which was at the bottom end of expectations.

MADRID showed surprising strength for a Friday, when it often succumbs to profit-taking, and powered ahead after Thursday's respite. The general index added 1.18 to 294.13 and volumes were thought to be only slightly lower than the previous day's $136m.

The firm fixings for utilities – some of the first stocks to be priced – gave an upbeat tone to trading, "and that kicked the rest of the market into action," said one analyst.

Utilities – which tend to be highly-geared – were benefiting from the feeling that interest rates were on their way down, he said. Endesa added 0.9 points to 231.2 of par and Iberduero put on 1.7 to 121.7.

ZURICH continued to show resilience to external affairs, and eased only slightly with the Crédit Suisse index giving up 1.5 to 570.2. Domestic buyers were still the main players.

The insurance sector was well supported, and Baloise registered stock rose SFr50 to an all-time high of SFr3,150.

STOCKHOLM stayed in the doldrums before the release of the US jobs figures, which came just before the close. The Affärsvärlden index fell 3.4 to 1,135.9.

Trading and food group Hexagon saw heavy volume before being suspended at the company's request pending an announcement on Tuesday. The stock rose 14 per cent to SKr160 over the week.

MILAN remained quiet and weak, winding down for next Thursday's end of account and hesitant about the votes going through parliament on the fiscal deficit issue. The Comit index fell 1.96 to 603.79.

Montedison showed little reaction to the legal action being taken against the company by a group of US computer software houses. The news was barely reported in the Italian press and Montedison declined L7 to L2,088.

BRUSSELS ended mixed, dominated by a surge in the price of Tabacofina which returned to trading after suspension for news of Rothmans' offer to buy the 40 per cent it does not own. The stock soared 46 per cent to BFr18,375

ASIA PACIFIC

Investors' eagerness helps Nikkei rebound

Tokyo

AN ABSENCE of further negative news gave investors a chance to jump back into the Japanese market, and share prices rebounded in active trading, *writes Michiyo Nakamoto in Tokyo.*

Thursday's correction in the Nikkei reduced concern over high prices sufficiently to encourage active buying from the start of yesterday's trading. The Nikkei average climbed strongly throughout the day to close 189.27 up at 33,185.05. The day's high was 33,218.20 and the low 33,025.30. Advances led declines by 504 to 381, with 163 stocks unchanged.

Turnover rose to 1.44bn shares from Thursday's 1.08bn. The Topix index of all listed shares advanced 4.57 to 2,474.35 and, in later London trading, the ISE/Nikkei 50 index was 4.41 higher at 1,976.04.

Thursday's 365-point fall was seen as being within an acceptable range, given the concentration of bad news and the high level of share prices. It was easier for the market to make a quick recovery because all the negative news had come out at once, analysts said.

Because the Recruit scandal was political, rather than economic, it was difficult for investors to know how it would affect the market, analysts said. Some likened the effect of the scandal to the impact that the late Emperor's failing health had on share prices last year. "It is psychological," one analyst said. "The market reacted each time the Emperor was reported to be in critical condition; the Recruit scandal will be the same. Whenever fresh news comes out, the market will react and it will go on like that."

Yesterday there was little movement on the political front or in the currency market. The market was supported by investors anxious to get back in. "Everyone had sold (on Thursday)," said an analyst at New Japan Securities. "All they could do was buy."

Interest centred on situation stocks. The nuclear fusion theme attracted continued interest and Mitsubishi Metal, one of three Japanese companies that produces platinum and palladium used in nuclear fusion, topped the most actives list with 48.8m shares traded, rising Y70 to Y1,320.

Sumitomo Heavy Industries was the second most actively traded stock with 43.7m shares, adding Y110 to Y1,280. The company attracted attention for its technology designed to produce heavy water for room-temperature nuclear fusion.

Nisshin Steel gained Y100 to Y1,620 in heavy trading. It was popular for its strong earnings prospects, supported by robust demand for stainless steel and steel sheets.

Construction issues saw renewed interest. Nishimatsu Construction was selected for its tunnel-building expertise that will be in demand in government-sponsored infrastructural projects. It was third on the most actives list, with 38.4m shares, and gained Y60 to Y1,860.

Interest focused on the environmental protection and linear motor-car themes in Osaka where the OSE average gained 192.72 to 31,879.49. Turnover rose to 111m shares from 84m.

Roundup

ANOTHER patchy day in Asia Pacific markets left Australia and Singapore lower, while Hong Kong rose slightly.

SINGAPORE was enlivened by the first day's trading in Steamers Marine, with volumes climbing share prices ending off their lows.

The Straits Times industrial index gave up 5.77 – having been down 9.56 on profit-taking – to close at 1,186.66. Turnover rose to 100.5m shares from 86.6m on Thursday.

Steamers rose to S$1.57 at the close, compared with the listing price of S$1.20. About 15.6m shares changed hands.

AUSTRALIA was held in check by the wait for yesterday's US employment figures, due after the close, with industrials, golds and resources all falling back.

The All Ordinaries index lost 11.6 to 1,412.9 in moderate turnover of 89m shares worth A$169.3m.

HONG KONG benefited from pockets of buying and crawled ahead, with the Hang Seng index adding 8.58 to 3,024.09 in continued weak turnover.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY APRIL 6 1989					WEDNESDAY APRIL 5 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988/89 High	1988/89 Low	Year ago (approx)
Australia (89)	129.40	+0.6	112.55	106.77	5.20	128.69	112.23	106.99	157.12	128.69	115.39
Austria (18)	115.53	-0.4	100.49	112.22	2.24	116.04	101.20	112.76	116.35	92.84	91.82
Belgium (63)	133.52	+0.5	116.14	129.24	4.10	132.87	115.87	128.77	136.68	128.52	128.90
Canada (127)	133.33	-0.6	115.97	115.28	3.31	134.08	116.93	115.54	137.27	124.67	123.34
Denmark (38)	173.15	+0.4	150.61	171.03	1.90	172.46	150.40	170.70	180.38	165.35	121.86
Finland (26)	154.78	+1.3	134.63	136.69	1.33	152.86	133.31	135.05	154.78	125.81	127.07
France (130)	118.53	-0.2	103.10	117.28	2.93	118.82	103.63	117.75	119.98	112.57	82.56
West Germany (100)	85.29	+0.0	74.18	82.85	2.32	85.31	74.40	83.02	90.40	81.77	78.61
Hong Kong (49)	127.40	+0.7	110.81	127.32	4.08	126.46	110.29	126.39	133.77	111.80	103.44
Ireland (17)	147.10	+1.2	127.95	144.99	3.52	145.34	126.75	143.76	147.10	125.00	120.75
Italy (98)	81.85	+0.0	71.19	83.81	2.51	81.85	71.38	83.88	86.88	78.16	78.60
Japan (455)	190.09	-1.2	165.34	158.43	0.48	192.33	167.73	160.17	200.11	180.30	172.17
Malaysia (36)	164.25	+0.3	142.87	173.96	2.76	163.78	142.83	173.65	164.82	143.35	121.58
Mexico (13)	166.27	-1.0	144.62	436.29	1.17	167.93	146.46	439.75	167.93	153.32	138.42
Netherland (42)	118.52	+0.1	103.09	113.98	4.50	118.41	103.27	114.06	118.52	110.63	109.31
New Zealand (24)	68.04	-0.5	59.18	59.47	6.62	68.37	59.63	59.35	76.02	67.60	76.97
Norway (26)	176.58	-0.8	153.59	162.68	1.54	177.94	155.18	164.17	178.53	139.92	127.01
Singapore (26)	145.68	-0.1	126.71	130.77	2.09	145.84	127.18	131.12	147.64	124.57	110.28
South Africa (60)	140.31	+0.0	122.04	127.52	3.96	140.30	122.36	127.52	142.88	115.35	129.31
Spain (42)	153.28	+0.3	133.32	134.64	3.59	152.75	133.22	134.30	153.28	143.14	151.90
Sweden (35)	161.77	-0.1	140.71	152.37	2.25	161.89	141.18	152.72	162.00	138.45	120.94
Switzerland (57)	76.73	+1.0	66.74	77.96	2.35	75.95	66.23	77.29	79.76	74.05	81.19
United Kingdom (316)	145.79	-0.9	126.81	126.81	4.44	147.09	128.28	128.28	153.33	134.53	136.42
USA (564)	120.29	-0.3	104.63	120.29	3.65	120.63	105.20	120.63	121.90	112.13	108.32
Europe (1008)	119.03	-0.3	103.54	110.16	3.59	119.43	104.16	110.75	120.88	114.02	108.11
Nordic (125)	153.74	+0.2	133.72	150.41	1.96	153.48	133.85	150.40	153.74	137.95	113.29
Pacific Basin (679)	185.00	-1.1	160.91	154.82	0.70	187.01	163.09	156.42	194.72	176.37	167.20
Euro-Pacific (1687)	158.62	-0.9	137.97	137.03	1.58	159.98	139.52	138.24	164.22	152.83	143.57
North America (691)	120.97	-0.3	105.22	120.00	3.63	121.33	105.81	120.34	122.71	112.79	109.12
Europe Ex. UK (692)	102.34	+0.1	89.02	99.87	2.90	102.22	89.15	99.91	103.11	98.84	90.54
Pacific Ex. Japan (224)	124.10	+0.5	107.95	109.54	4.60	123.48	107.68	109.38	137.65	123.48	107.26
World Ex. US (1887)	157.56	-0.8	137.05	136.33	1.65	158.89	138.57	137.50	162.77	152.04	142.73
World Ex. UK (2135)	142.89	-0.6	124.28	131.31	2.04	143.81	125.42	132.14	146.04	138.06	128.77
World Ex. So. Af. (2391)	143.15	-0.7	124.51	130.91	2.25	144.12	125.69	131.81	146.65	138.82	129.43
World Ex. Japan (1996)	120.61	-0.3	104.90	116.50	3.66	120.94	105.47	116.91	122.37	114.51	108.93
The World Index (2451)	143.13	-0.7	124.50	130.88	2.26	144.09	125.66	131.77	146.51	138.83	129.44

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.45 (Pound Sterling) and 125.22 (Local).

South African market closed April 6.

Latest prices were unavailable for this edition.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

Corporation and County Stocks No. of bargains included 5

Greater London Council 6¾% Stk 90/92 - £88
Birmingham Corp 3½% Stk 1946(or after) - £28 (4Ap89)
Birmingham District Council 11½% Red Stk 2012 - £106½ (31Mr89)
Leeds(City of) 13½% Red Stk 2006 - £122½ (3Ap89)
Norwich Corp 3% Red Stk - £25
Nottingham Corp 3% Stk (Irrd) - £25 (31Mr89)

Co-Operative Bank PLC 8.48% Cum Red Prf 2013 £1 - 100 (5Ap89)
Midland Bank PLC 7½% Subord Uns Ln Stk 83/93 - £88
10¾% Subord Uns Ln Stk 93/98 - £101
14% Subord Uns Ln Stk 2002/07 - £115¾ ¼
National Westminster Bank PLC ADR (3:1) - £17.79 (3Ap89)
7% Cum Prf £1 - 65 (5Ap89)
9% Subord Uns Ln Stk 1993 - £92 3
12½% Subord Uns Ln Stk 2004 - £109¾
Royal Bank of Scotland Group PLC 11% Cum Prf £1 - 100 13 (5Ap89)

[illegible]

Regent Mining 1⅝
Singapore Land S$10.45 (5/4)
Sky Line Explorts 320½♦300.4,5
Southwest Gold mines 1 (5/4)
Square Gold & Minerals 6
Tandem Resources 17½ (5/4)
Target Resources 6 (4/4)
Terrex Resources 1¾ (5/4)
United Overseas Land S$2.03114 (4/4)
Valiant Consolidated 46
Victoria Petroleum 2 (3/4)
Vulcan Minerals 19 (3/4)
Westfield Minerals 854 (4/4)
Windsor Industrial Corp. HK$10.78
Zone Petroleum 3.

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LONDON STOCK EXCHANGE

Equities recoup most of initial falls

A second big wave of selling pressure temporarily knocked the London equity market yesterday, but after rocking to it's heels, it steadied and then staged a determined fightback to close only marginally lower after an erratic trading session.

At the close the FT-SE 100-share index displayed a 6.8 decline at 2,045.7, leaving the index almost 30 points down on the week, but the final reading masked earlier heavy falls by leading blue chips.

Thursday's period of programme sale-induced weakness, a trend exacerbated by the news that one of the City's top broking firms – UBS Phillips & Drew – had moved positively bearish on the UK economy, was followed yesterday by another top investment house taking a similar stance.

Account Dealing Dates		
*First Dealings:		
Mar 13	Apr 3	Apr 17
Option Declarations:		
Mar 30	Apr 13	May 4
Last Dealings:		
Mar 31	Apr 14	May 5
Account Day:		
Apr 10	Apr 24	May 15

*New time dealings may take place from 9.00 am two business days earlier

Warburg Securities expects UK interest rates to move up to 14 per cent in the next few months and that inflation will be just below 6 per cent by the end of the year, and not below 5 per cent until the second-half 1990.

Blue chips opened yesterday with big losses across the board, the result of a mark down by marketmakers eager to drum up business and nursing some hefty book positions after the big programmes sales the previous day. "Some of the programmes were uncompleted and the hangover took some time to clear," commented one leading trader.

The initial retreat failed to head off some further persistent selling, which saw the FT-SE 100 down to the day's low of 2,027.7 in early morning trading. Thereafter, share prices picked up with brokers taking note of the firmer trend on Wall Street which was again testing the 2,300 level on the Dow after details of the latest US employment figures. Footsie's best level during the day came just prior to the close when the index was down 6.6 points.

Turnover of 475.7m was well down on Thursday's programme trade boosted 758.3m but well ahead of the 397.1m recorded on Monday.

Some brokers and analysts closed their trading week with the view that the widespread pessimism in the market was overdone. "After the early weakness, there was not much pressure, although the market is extremely nervous," said one broker. On the interest rate front, Mr John Reynolds, economist at Prudential-Bache said: "We're not yet into danger territory, although sentiment has taken a distinct turn for the worse."

Of the FT-SE 100 constituents, only 19 were showing plus signs yesterday. Guinness were strongly supported after Thursday's splendid results, while Lonrho moved higher late amid hints of imminent developments regarding the Alan Bond shareholding. Other winners included Consolidated Gold Fields where talk persisted that an increased offer from Minorco is imminent.

Spotlight returns to Cadbury

After a quiet few months Cadbury Schweppes, one of the market's perennial bid stocks, returned to their speculation-led form of the past in some style. After opening quietly with a 7-point drop, the shares rallied sharply on talk that US group General Cinema had sold its 16.7 per cent stake to French interests. Amid hectic trading, Cadbury regained all lost ground to close marginally firmer at 343p on turnover just short of 5m shares.

Market insiders were naming two possible buyers of the US holding; one was food and beverages group BSN, the other Exor, the French holding company with a controlling interest in Perrier. But in spite of the excitement generated during the session, the consensus among experienced followers of the stock was that the story was bogus.

Mr Richard Workman, foods analyst at Hoare Govett, was particularly dismissive of the French connection. "It would not be BSN's style to buy into Cadbury; as for Exor, they are very much out of their It would be like a flea trying to capture an elephant."

Addison skirmishes

The tussle for control of Addison Consultancy reached new dimensions yesterday. A market raid was confirmed, another thought very likely and there was late evidence of a third large buyer, unconnected with either of the other two.

Private French company Motivaction, which recently bought 14.8 per cent of Addison, raised this to nearly 20 per cent when buying a further 5 per cent. MAI, the UK group currently in talks with Addison, was believed to have increased its holding, perhaps by the same percentage to 10 per cent. Finally the house acting for the remaining buyer was still bidding for stock when business ended yesterday.

The shares moved to a peak for the year, closing 2½ firmer at 42¾p, with turnover amounting to 5.1m.

Gateway on alert

Supermarket group Gateway was once again one of the market's most heavily traded issues as speculative buyers flocked to the stock on word of an imminent bid or buy-out. Dealers were talking at one stage that a £2-per-share offer for the company would be made next Tuesday. Fuelled by such persistent rumour-mongering, the shares rose steadily against the market to close 5¼ better at 177½p. A busy 7.2m shares changed hands during the session.

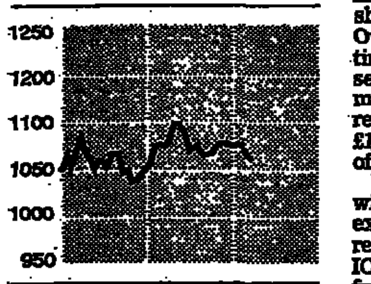
Throughout this week Gateway has been buoyed by three stories. One: that its management is about to announce a leveraged buy-out. Two: that a European consortium was planning to make an offer for the company. And three: that an alliance of Budgens and Asda would launch a bid. Yesterday analysts were willing to stick their necks out and say that the latter two stories were untrue. However, when asked about the possibility of a buy-out, they chose their words with greater caution.

"You can just about make sense of why the managment might want to organise a buy-out," said one analyst, "because it can be argued that it would be better for Gateway to continue its present restructuring as a private company." Another City researcher was more forthright: "I have been told that a leveraged buy-out offer is on the table at Gateway."

Plessey prepares

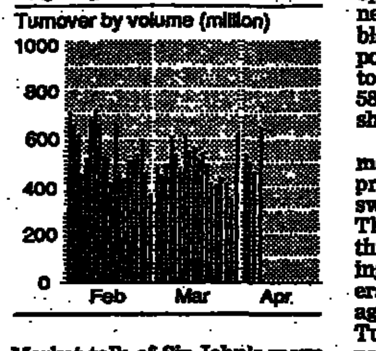
Plessey firmed as dealers interpreted Sir John Clark's decision to relinquish executive control over the company as a signal that it was preparing to receive a bid. The Monopolies and Mergers Commission report on the GEC-Siemens bid is due to land on Lord Young's desk on Monday. He, however, is in China until Thursday and the consensus is that the his verdict will appear on April 17 or the day after.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



Market talk of Sir John's move preceeded the announcement and the share price lifted early to touch 259p before settling back to 257p, a rise of 5 on the day; Turnover totalled 3.5m shares.

Mr Miles Saltiel, analyst at Hoare Govett, also said: "Mr Stephen Walls, Sir John's successor, would have a pragmatic approach to bid moves. If, for example, the MMC ruled GEC out of buying defence businesses, then Mr Walls is more temperamentally suited to an accommodation with GEC-Siemens over the future ownership of Plessey's telecoms interests."

International City Holdings found the going extremely heavy after termination of the fairly lengthy bid talks and a shocking set of interim figures. Owing principally to the continuing losses incurred by the securities division, sold last month to MAI, the company reported a first-half deficit of £1.9m compared with a profit of £7.3m the previous year.

The bad news continued with the stepping down of the executive chairman and the resignation of another director. ICH said it was looking to the future but heavy selling developed of the shares and in a nervous market the price tumbled to a eighteen-month low point of 55p. Later it steadied to close 19 down on balance at 58p after turnover of 2.2m shares.

Some favourable press comment on Thursday's bumper profits helped Guinness to swim smartly against the tide. The shares rose steadily throughout the day before closing 13 to the good at 445p; dealers said that there was a shortage of stock in the market. Turnover was a busy 6.4m, part of which represented an apparent bargain of 2m shares.

The imminence of trading statements had contrasting impacts on RMC, 4 easier at 664p) and Needler, 5 higher at 86p; both are scheduled to report on Wednesday. John Mowlem eased 4 to 436p awaiting Monday's annual results. Elsewhere, Coalite dipped 9 further to 377p as speculators showed further frustration over the lack of hoped-for bid developments.

Ward White were the feature in the Stores sector. Recently unsettled by the current price war in the UK diy market (the group owns the Payless chain), the shares recovered yesterday on talk that a bid was being prepared. After touching 274p, Ward White closed on 272p, a rise of 7 on the day. Storehouse also went against the trend, rising a penny to 169p on turnover of 2.2m shares.

Ferranti held firm despite bearish reports filtering back from an analysts' visit to the company's Italian operation. The talk was of delays to the European Fighter Aircraft radar and the CT2 cut-price rival to cellular telephones. Ferranti's pilot CT2 installations may not be ready until the end of the year, said an analyst, well behind key rivals such as British Telecom and STC.

Both Racal Electronics and Telecoms fell rapidly in early trading, the latter touching 305p at one point. But the stocks rebounded on steady US buying after Wall Street opened. Telecom closed at 328p, a net rise of 4 while Electronics reduced the day's loss to 1½, ending at 379p, despite talk of a broker's downgrading.

A foreign buyer showed persistent interest in BICC all the way through its rise of 9 to a closing level of 497p.

News that Laird Group had sacked its auditors after finding "errors" in the past accounts of its MCW unit, and the loss of £18.1m there, paradoxically boosted the company's share price. The market logic was that the only way to go is up - either under current management or after a takeover, possibly from a transport sector multinational. Laird bounded 17 ahead at 268p.

Foods group Dalgety eased slightly to 352p in quiet trade after Mr Robert Holmes á Court, the Australian entrepeneur, revealed that he had lifted his stake to 5.2 per cent. Dealers regarded the move as unthreatening. Argyll slipped 3½ to 181p in busy trade. Turnover was boosted to 7.3m by the placement of a line of 2m shares by a leading agency broker.

Companies with recruitment interests were mixed in active trading. Reed Executive recovered just 3 of Thursday's profits warning-inspired fall of 36 to close at 95p. Mr Andrew Mills, analyst at BZW, cut his current year forecast to £9m from £11m – it had been £13.5m last September. Hestair was keen to tell analysts that it was doing well and Reed's problems were its own. Nevertheless, some pessimism rubbed off and the shares closed 7 lower at 255p. "It has probably been marked down too far," said Mr Demot Colman, also at BZW.

Vague takeover helped two property stocks buck the market trend. Marler Estates rose 13 to 118p, while Southend Properties added 2 at 227p, after 231p; a take-out price of 275p-a-share was mentioned for the latter.

A story of Sir James Goldsmith teaming up with the Fayed Brothers to buy the Bond Corporation holding in Lonrho put the latter's shares higher in relatively thin trading of 2.1m. At the close, they were 7 better at 325p.

Turnover in the energy sector was much reduced, with many specialist sector salesmen and analysts attending a seminar in London given by Esso, the oil group.

Sentiment slightly disturbed by news that Warburg Securities, the leading UK securities house has joined County NatWest in taking a much more cautious view of the sector. Warburgs say "in spite of the recent strength in oil prices, we believe that the current prospects for the oil sector are limited by the yield relative, which is near a seven year low."

Warburgs expects dividend growth from the oil majors to be around 6 to 8 per cent compared with around 13 per cent from the rest of the market in 1989 and 1990. "With yield premiumns already at an historic low and no other reasons to re-rate the sector, the oil majors seem likely to underperform a rising market." trhe securities house concludes.

But Warburgs were remain positive on British Gas -"the stock offers a good hedge against rising inflation." Gas shares, already sustained by the strong buy issued by Paul Spedding at Kleinwort Benson, hardened to 177½p on turnover of some 7m.

Enterprise were again under pressure as stories revived that competitors may well invoke their pre-emption rights over the acquisition of Texas Eastern's North Sea assets. Enterprise shares slipped a further 10 to 507p, after 504p, with turnover coming out around 1m.

In the oil minnows Kingston Oil & Gas extended their recent steep rise, racing up to 95p before closing a net 5 higher at 93p – a week's gain of 29; Christopher Osborne-Moss at Hoare Govett rates the stock a "strong buy", and says the market has failed to take account of its interesting and potentially most lucrative contract for gas supply to Texas Eastern.

Turnover in traded options was heavily coloured by dealings in the FT-SE 100 Index, which reached 16,132 contracts out of a market total of 51,339. A considerable part of the options business came from one investor, as index calls totalled 3,527 calls and 12,605 puts. Overall dealings lay in 28,371 calls and 22,968 puts.

■ Other market statistics, including the FT-Actuaries Share Index, Page 9

NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (88). BRITISH FUNDS (2) Treas. 10½pc 1999, Treas. 2pc IL 1994, AMERICANS (4) CANADIANS (3) Can. Pac. 4pc Deb., Madeleine Mines, BANKS (1) B'caire Cie, BREWERS (1) Highland Dists., BUILDINGS (3) CRH, Intl. Amco, Needler Grp., CHEMICALS (2) Akzo, Rechem Envmtl. Servs., ELECTRICALS (3) ASEA AB "A", Eurotherm, Harland Simon, FOODS (1) MS Cash & Carry, INDUSTRIALS (11) Huntingdon Intl., Jackson Bourne, Jardine Hldg., Johnson Cleaners, Platignum, RCO, RKF, Serco Grp., SmithKline Beckman, Spring-Ram, Triangle Tst., INSURANCE (3) American Gen. Corp., Aon Corp., USLIFE, LEISURE (2) Fairline Boats, P'dilly Radio NV, NEWSPAPERS (1) Quarto, PAPERS (4) PROPERTY (3) Marler Ests., Power Corp., Shaftesbury, SHOES (1) Lambert Hth., TRUSTS (1) Eng. & Intl. Wrnts., OILS (6) OVERSEAS TRADERS (1) GN Great Nordic, MINES (7) THIRD MARKET (3) Kelis Mins., Medirace, Takare.

NEW LOWS (165). BRITISH FUNDS (82) INT.BANK & O'SEAS GOVT.STLG. ISSUES (6) FOREIGN BONDS (2) Hydro Quebec 15pc 2011, Iceland 14½pc 2016, AMERICANS (1) Ford Motor, CANADIANS (2) Geodome Res., Granges Expln., BANKS (3) ANZ, Nat Aust Bk., Westpac, BREWERS (2) Allied Lyons, Scott & New., BUILDINGS (4) Baldwin, Bellwinch, Howard Hldgs., Jennings, STORES (8) ELECTRICALS (7) ENGINEERING (1) Hopkinsons, FOODS (5) INDUSTRIALS (16) Cont. Stationery, De La Rue, Hodgson Hldgs., Lincoln House, MY Hldgs., Mayne Nickless, Reed Exec., TNT, Wade Potts., Walker Greenbank, INSURANCE (1) Allied Ins. Brokers, LEISURE (1) Prestwich, PAPERS (3) Assoc. Paper, SPS Consult., Saatchi, PROPERTY (7) SHIPPING (1) Jacobs (J.I.), TEXTILES (8) TRUSTS (6) OVERSEAS TRADERS (3) Finlay (James), Lonrho, MINES (5).

RISES AND FALLS

	On Friday			On the week		
	Rises	Falls	Same	Rises	Falls	Same
British Funds	3	96	10	121	346	78
Corps. Dom. & Foreign Bonds	0	11	33	12	60	148
Industrials	187	784	606	1,508	2,865	3,493
Financial and Props	79	296	284	622	1,021	1,656
Oils	20	41	37	112	170	208
Plantations	0	0	12	1	2	57
Mines	47	27	109	189	236	490
Others	37	91	109	326	390	469
Totals	373	1,346	1,200	2,891	5,090	6,599

FINANCIAL TIMES STOCK INDICES

	Apr 7	Apr 6	Apr 5	Apr 4	Apr 3	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	86.03	86.54	86.70	87.10	86.81	91.01	89.29 (8/2)	86.08 (7/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.24	97.48	97.66	97.82	98.06	97.50	99.59 (15/3)	95.83 (4/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1683.0	1684.2	1705.4	1708.4	1706.5	1413.4	1761.1 (14/3)	1447.8 (3/1)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	189.0	188.9	191.0	190.4	190.9	221.4	196.1 (28/3)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)

	Apr 7	Apr 6	Apr 5	Apr 4	Apr 3	Year Ago
Ord. Dl. Yield	4.58	4.55	4.50	4.49	4.49	4.55
Earning Yld %(full)	11.05	11.03	10.90	10.85	10.87	11.92
P/E Ratio(Net)(☆)	10.92	10.94	11.08	11.13	11.11	10.28
SEAQ Bargains(5pm)	25,295	32,839	35,919	43,563	37,806	31,521
Equity Turnover(£m)†	-	1682.13	1113.93	1277.70	1095.00	1041.71
Equity Bargains†	-	39,844	46,094	52,224	45,030	34,102
Shares Traded (ml)†	-	650.0	467.6	507.8	524.7	507.5

Ordinary Share Index, Hourly changes

● Opening	● 10 a.m.	● 11 a.m.	● 12 p.m.	● 1 p.m.	● 2 p.m.	● 3 p.m.	● 4 p.m.
1667.7	1664.4	1669.4	1672.4	1675.2	1675.1	1673.8	1678.3

DAY'S HIGH 1683.0 DAY'S LOW 1663.8

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, ☆Nil 10.83 †Excluding intra-market business. * Corrected figure.

● S.E. ACTIVITY

Indices	Apr 6	Apr 5
Gilt Edged Bargains	106.1	109.1
Equity Bargains	258.2	298.6
Equity Value	3400.0	2251.5
5–Day average		
Gilt Edged Bargains	104.9	105.2
Equity Bargains	296.6	298.1
Equity Value	2655.3	2503.1

● London Report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change
ASDA Group	3,700	146	+1
Allied-Lyons	3,000	442	
Amstrad	1,000	137	+3
Argyll Group	7,300	181	-3½
Ass. Brit. Foods	757	333	+2
BAA	3,600	352	-5½
BAT	1,200	551	-8
BET	1,600	258	
BICC	635	497	+9
BOC	2,800	497	-8
BPB Inds.	1,300	245	-5
BTR	4,600	354	+1
Barclays	661	437	-3
Bass	445	894	-5
Beecham	1,900	595	-4
Blue Circle	1,500	552	-5
Boots	826	265	-1
Brit. & Comm.	966	207	
Brit. Aerospace	2,400	554	-4
British Airways	738	197	-2
British Gas	7,600	178½	+2
British Land	976	361	-6
BP	4,100	277½	-2
British Steel	6,100	82¾	-½
British Telecom	2,500	275	+1
Burmah Oil	606	534½	-4½
Burton	1,900	207	-2
Cable & Wireless	2,900	463	-2
Cadbury Schweppes	4,900	343	+1
Carlton Comms.	4,200	866	
Commercial Union	1,200	376	-1½
Cons. Gold Fields	535	1395	+5

Stock	Volume 000's	Closing Price	Day's change
Cookson	959	295	-4½
Courtaulds	1,500	290	-3
Dalgety	688	352	-1
Dixons	5,000	150	-3
Eng. China Clays	489	521	-4
Enterprise Oil	936	507	-10
FKI Babcock	1,200	170½	-2½
Fisons	2,300	284	-4
Gateway Corp.	7,100	177½	+5½
General Accident	519	985	
General Elect.	5,200	227	-1½
Glaxo	1,800	1325	-3
Globe Inv.	549	164	-½
Glynwed Int.	387	315	-3
Granada	1,900	373	-6
Grand Met.	2,600	533	-5
GUS A	148	997	-9
GRE	529	207	-1
GKN	905	351	-3
Guinness	6,400	445	+13
Hammerson 'A'	183	772	-2
Hanson	3,300	180¼	-2½
Harrisons & Cros.	105	736	-4
Hawker Siddeley	727	643	-5
Hillsdown Hldgs.	1,100	266	-4
IMI	498	218	-3
Imp. Chem.	1,300	1167	-7
Inchcape	769	257	-2
Jaguar	1,100	300	-2
Kingfisher	1,600	271	-1
Ladbroke	2,400	531	-4
Land Securities	384	562	-3

Stock	Volume 000's	Closing Price	Day's change
Laporte	719	435	-8
Legal & General	1,400	322	+2½
Lloyds Bank	1,800	357	
LASMO	652	437½	-3½
Lonrho	2,000	325	+7
Lucas	508	622	-1
MB Group	2,100	275	-1
MEPC	201	552	-5
Marks & Spencer	3,500	160	
Maxwell Comm.	1,300	204	+2
Midland Bank	283	445	
Nat. West. Bank	680	579	-3
Next	8,400	143	-2
Northern Foods	448	295	+2
Pearson	290	712	-8
Pearl	129	419	-1
P & O	747	657	-1
Pilkington	1,600	244	+½
Plessey	3,500	257	+5
Polly Peck Intl.	531	314	-2
Prudential	3,100	188	-2½
Racal	7,350	379	-1½
Rank Org.	427	917	-4
RHM	325	381	-4
RMC	277	664	-4
Reckitt & Colman	174	1059	-9
Redland	750	527	+2
Reed International	1,100	400	-5
Reuters 'B'	496	680	+1
RTZ	842	535	
Rolls Royce	4,800	182¼	-½
Rothmans	114	484	-7

Stock	Volume 000's	Closing Price	Day's change
Royal Bk. of Scotland	207	385	-1
Royal Insurance	1,300	413	+3
STC	3,200	299	-4
Saatchi & Saatchi	3,100	285	
Sainsbury	2,900	222	-1
Scott & Newcastle	1,400	303	-3
Sears	3,200	119	-1½
Shell Transport	2,400	383	+½
Siebe	695	469	-5
Slough Ests	486	308	-4
Smith & Nephew	4,500	140¼	-1½
Smith Industries	110	307	-5
Standard Chartered	336	528	-3
Storehouse	2,200	169	+1
Sun Alliance	459	1144	-4
T&N	230	221	-2
TSB	1,800	115	-½
Tarmac	2,300	301	-3
Tate & Lyle	966	229	-2
Taylor Woodrow	324	611	-12
Tesco	2,800	153	-3
THORN EMI	988	680	+8
Trafalgar House	2,600	363	-3
Trusthouse Forte	1,800	290	-2½
Ultramar	2,600	288	-3
Unilever	1,800	517	-5
United Biscuits	2,700	315	-1
Utd. Newspapers	998	442	+6
Wellcome	827	478	+3
Whitbread 'A'	815	352¼	-2½
Williams Hldgs.	1,900	354	-3
Wimpey	88	288	

LEADERS AND LAGGARDS

Percentage changes since December 30 1988 based on Thursday April 6 1989

Transport	+	27.18	All Share Index	+	14.76
Building Materials	+	25.26	Gold Mines Index	+	14.29
Mechanical Engineering	+	23.39	Insurance(Life)	+	13.55
Health & Household Products	+	22.62	Consumer Group	+	13.48
Agencies	+	20.52	Brewers and Distillers	+	13.47
Capital Goods	+	19.28	Oil & Gas	+	12.78
Mining Finance	+	19.19	Insurance(Composite)	+	11.81
Conglomerates	+	18.36	Food Retailing	+	11.51
Leisure	+	18.30	Publishing & Printing	+	11.05
Motors	+	17.89	Textiles	+	10.43
Other Groups	+	17.73	Telephone Networks	+	10.12
Electricals	+	17.47	Banks	+	9.51
Metals & Metal Forming	+	17.47	Financial Group	+	9.34
Investment Trusts	+	17.22	Packaging & Paper	+	9.14
Chemicals	+	17.10	Stores	+	8.47
Other Industrial Materials	+	16.32	Food Manufacturing	+	8.30
Industrial Group	+	16.25	Property	+	8.09
Contracting,Construction	+	16.21	Overseas Traders	+	7.58
Electronics	+	16.01	Merchant Banks	+	4.00
500 Share Index	+	15.76	Insurance(Brokers)	+	3.25

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	106-28	-11/32	11.04	10.87	10.54
		9.750	1/98	96-26	-17/32	10.31	10.15	9.93
		9.000	10/08	96-22	-14/32	9.37	9.19	9.05
US TREASURY *		8.875	2/99	97-22	-3/32	9.28	9.37	9.30
		8.875	2/19	97-29	-8/32	9.11	9.15	9.10
JAPAN	No 111	4.600	6/98	96.1765	+0.092	5.22	5.17	5.14
	No 2	5.700	3/07	106.1205	-0.102	5.05	5.02	5.00
GERMANY		6.375	11/98	96.5000	+0.100	6.87	6.99	6.94
FRANCE	BTAN	8.000	1/94	96.2871	-0.015	8.97	9.14	9.27
	OAT	8.125	5/99	94.7700	+0.020	8.92	8.99	9.06
CANADA *		10.250	12/98	98.6250	-0.125	10.48	10.58	10.45
NETHERLANDS		6.7500	10/98	97.8250	+0.050	7.06	7.15	7.09
AUSTRALIA		12.000	7/99	90.5593	-0.022	13.72	13.61	13.65

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Cocoa prices tumble below £800

COCOA PRICES collapsed this week as the overwhelming surplus of supply over demand reasserted itself in the markets.

The July contract tumbled back below £800 a tonne on Wednesday, when dealers suggested that futures were beginning to reflect the approaching peak of seasonal supply from producer countries.

"The next few months' supplies look very good, and operators are already trying to hedge this material and pre-empt an expected fall in prices," one dealer said.

On Thursday the fall continued. The July contract closed at £779 a tonne – the lowest level since last October. Yesterday the price edged ahead, leaving the fall on the week at £52 a tonne.

Analysts and dealers are bearish, not surprisingly in the face of both the International Cocoa Organisation and Gill & Duffus, the London trade house, predicting a 199,000 tonne surplus of supply over demand this season – the fifth successive year of surplus.

Coffee prices have not fared so badly; the markets did not expect and did not get any bullish news from the latest International Coffee Organisation talks. The opening week of the fortnight's discussion about the next coffee agreement closed without much in the way of negotiation taking place – more a jockeying for position.

No sense of urgency appears to have penetrated the talks, although the agreement runs out in September. The US, the world's leading consumer, said at the beginning of the week that it might not return for further talks if substantial progress was not made.

On the London Metal Exchange aluminium outshone the other base metals this week. It re-established itself above $2,000 a tonne on Wednesday and has stuck to its guns. Cash aluminium closed yesterday at $2,097.50 a tonne, a rise of $145 on the week.

Early in the week one leading analyst said that the aluminium industry's optimism was entirely justified. The latest annual review from Anthony Bird Associates suggested that the industry, which is planning to lift annual primary metal production capacity from 15.25m tonnes to 17.25m tonnes a year by the mid-1990s, had realised that the cuts in capacity between 1984 and 1986 had been overdone.

The short-term balance between world supply and demand remained very fine. "When consumption starts to expand again in 1990 there could be a renewed period of market tightness."

Both production and consumption of aluminium reached record levels in Western Europe last year, according to the European Aluminium Association. Growth in consumption continued to outpace ouput by a big margin, and Western Europe is now becoming a substantial importer of primary aluminium.

The association put output at 3.567m tonnes, a rise of 1.2 per cent, and consumption at 4.242m tonnes, a rise of 4.6 per cent.

While aluminium has been re-establishing its credentials, tin has continued inexorably upwards. On Tuesday the Kuala Lumpur spot market price rose above 26 ringgit a kilogram, and yesterday it closed at 26.29 ringgit, a rise of 1.06 ringgit on the week.

One Malaysian trader said on Tuesday that the price would have been higher still but for the strengthening of the Malaysian currency. The rise continues to concern Dr Lim Keng Yaik, the country's Primary Industries Minister. "It has risen too fast. I am worried that consumers may now be looking for substitutes for tin," he said.

The surge could hardly have come at a better time for the LME, however. The board is expected to give the go-ahead on Wednesday for a relaunched tin market, and trading could resume as early as June 1.

Palladium kept its place in the spotlight this week with a surge to a six-year peak of $166.25 a troy ounce on Thursday. The price eased yesterday to $164.50, leaving a gain of $4 on the week.

Platinum's poor relation has attracted speculative buying on both sides of the Atlantic after recent reports that it has been used in experiments aiming to produce energy from nuclear fusion at room temperature. Last year the average price was $124.52 an ounce.

Mr Jeffrey Nichols of American Precious Metals Advisors said palladium was enjoying "much more bullish fundamentals than gold, silver or platinum," but he pointed out that palladium was the most illiquid and thinly traded precious metal.

David Blackwell

APPOINTMENTS

Metal Closures changes

■ Mr Ian Gilchrist has retired as chief executive of the METAL CLOSURES GROUP pre-press services division. He remains with the group as non-executive chairman of Gilchrist Brothers. Mr Dennis Honeyben, managing director of Gilchrist Brothers, and West Park Studios, and a director of Photo Converters, becomes divisional chief executive, based in Leeds. Mr Peter Gill, managing director of MCG Graphics, Hull, and a member of the divisional management board, assumes responsibility for divisional technical matters. Mr David Griffiths, managing director of Bentley Photo-Litho Co, Oldbury, and a member of the divisional management board, assumes responsibility for divisional personnel training and management development. Mr Jack Taylor, marketing director of Gilchrist Brothers, joins the divisional management board with responsibility for divisional marketing strategy.

■ Mr Philip Staveley has been appointed a director of COUNTY NATWEST.

■ THE LAND & PROPERTY TRUST COMPANY has re-organised. Mr Lawrence C. Bloom has been appointed deputy chairman. Mr J. Steven Prevezer, formerly property management director at Sallman Barrington Laurance, will be joining the board as joint managing director with Mr Mark Gurney. Mr Sylvain Reinhold, formerly a director of PMI, joins the board as development director.

■ HERTZ EUROPE has appointed Mr George Vickers as treasurer covering Europe, Africa and the Middle East.

■ Mr Peter Willis-Fleming has been appointed managing director of HINTON HILL MARINE, and Mr Michael A.B. Riley becomes assistant managing director.

■ Mr Richard Hoskin and Mr Michael Hayes have been appointed directors of BARCLAYS de ZOETE WEDD INTERNATIONAL EQUITIES.

■ FRAZER & PARTNERS, business managers, has appointed Mr Alistair A. Brown and Ms Julia Robertson asdirectors.

■ BRITISH RAILWAYS BOARD has appointed Dr George Buckley, director and general manager of the generator division of GEC Turbine Generators, as its director of research.

MUNICIPAL GENERAL INSURANCE has appointed Mr Robert F. Huxster *(above)* as director and chief financial officer. He joins from the Dominion Insurance Company, where he was director and manager, City division.

HUNTING ENGINEERING has appointed Mr George Wells *(above)* to the new post of commercial director. He joins from British Aerospace dynamics division where he was commercial director, collaborative business, and chairman of the Euromissile dynamics group.

■ Mrs Kit van Tulleken has joined the POFCHER CO as managing director, London. She was formerly European editor of Time-Life Books.

■ GRANVILLE & CO, a private investment banking group, has appointed Mr Guy Eastman, Mr Robert Schiff and Mr Adrian Scott Knight as directors and Mr Chris Lane and Mr Brian Tomlinson as assistant directors.

■ Mr Douglas Stevens has joined BLUE RIDGE CARE, Consett-based manufacturer of disposable nappies. He was corporate vice president and president of the apparel fabrics division of Riegel Textile Corporation of America.

■ RATNERS GROUP has apppointed Mr Nick Long as managing director of Salisburys Handbags. He was merchandising director, and is succeeded by Ms Loni Arditi. Ms Marilyn Boorer becomes buying director, and Mr Tony Slipper systems director.

■ Mr Keith Marshall has been appointed to the new post of group chief executive of MARSHALLS, retaining responsibility for Marshalls Mono, the group's principal operating subsidiary of which Mr John Marshall becomes managing director. Mr Peter Lister becomes northern sales director; Mr Kenneth Edwards, southern sales director; Mr Alan Seddon, production director Ramsbottom; and Mr David Morris, production director southern.

■ Mr Andrew Jamieson has been appointed managing director of PEREGRINE SECURITIES (U.K.).

■ GPG has appointed Mr Vernon R. Alden, Mr John R. Gillum, Mr Edward G. Hall and Mr Peter A. Lusk as directors.

■ Mr I.F. Banks, Mr P.D. Hancock, Mr P.R. Hardcastle, Mr M.D. Harris, Mr M.A. Jones, Mr J.A. Kamieniecki, Mr. M.H.D. Kemp, Mr D.M. Pike, Mr T.J. Sheldon and Miss P.M. Webster become partners of BACON & WOODROW, consulting actuaries.

■ LOVELL HOMES MIDLAND, Tamworth, has appointed Mr Nick Sedgwick as planning and technical director. He was with Wetenhall Cooper.

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1200)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	47.61	48.07	51.13	.....	5.36
Gilts & Fixed Int	6	111.40	111.40xd	118.30	.....	8.45
High Inc Equity	6	128.80	131.80xd	140.2	.....	4.53
Worldwide Bond	6	187.80	187.80xd	199.00	.....	4.87
Capital Growth						
American Growth	6	160.90	163.00	173.30	.....	1.67
Asian Pacific	6	86.66	88.52	94.16	.....	910
Assets & Earnings	6	158.30	158.30	169.40	.....	2.20
Capital Reserve Acc	0	84.05	84.05xd	84.10	.....	4.76
Cmdty & Energy	6	95.52	95.52xd	102.20	.....	0.00
1992 Enterprise	6	54.690	55.74	59.29	.....	3.04
European Capital	6	79.39	79.75	85.05	.....	880
General	6	171.10	171.10xd	183.00	.....	2.46
Japan	6	106.10	108.00	114.80	.....	0.00
Mastertrust	6	80.58	80.58	86.19	.....	1.87
UK Growth Acc	6	198.00	206.50	219.60	.....	1.28
UK Growth Dist	6	132.00	137.80xd	146.50	.....	1.92
US Emerging Cos	6	47.05	48.82	51.93	.....	0.00
Income & Growth	6	285.70	292.00	310.60	.....	3.30
Ethical	6	48.47	49.61	52.77	.....	2.37

Abtrust Management Ltd (1000)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Inc & Growth	5	26.78	26.78xd	28.59	-0.02	4.34
European	5¼	56.99	56.99	60.83	-0.08	0.00

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♦ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♦ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Windsor Trust Mngrs Ltd (1200)F						
83 Kingsway, London, WC2B 6SD 01-405 8331						
Capital & Equity	5	63.52	66.27	70.50	—	3.40
European	5	60.79	61.32	65.23	—	[illegible]
Far Eastern	5	56.45	56.51	60.12	—	[illegible]
Growth Inc	5	86.11	91.28xd	97.10	-0.45	1.49
Growth Acc	5	86.11	91.28xd	97.10	-0.45	1.48
Income Inc	5	81.43	83.31	88.63	—	7.61
Income Acc	5	81.43	83.31	88.63	—	7.61
Property Share	5	55.33	55.33	58.96	-0.19	1.12
Smaller Co's	5	62.28	62.28	66.25	-0.40	1.47
Formerly RBC Trust Managers Ltd						
Nth American	5	54.63	54.63	58.42	+0.05	1.36
International	5	43.69	43.69	46.71	—	1.52
Wright Seligman Fund Mngrs Ltd (1000)H						
11 Blomfield St, London EC2M 7AY 01-588 0592						
Growth	5	94.88	94.88	99.88	—	3.92
Weekly dealing day Tuesday						
The Yorkshire Unit Tst Mngrs Ltd (1100)F						
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602290						
Yorkshire General	5¼	61.50	63.85	67.93	-0.23	3.01
YUTM UK Equity Inc	5¼	58.92	60.99xd	64.88	-0.20	4.70
YUTM Intl Grwth Tst	5¼	46.61	46.61xd	49.75	-0.32	1.10

OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	+ or -	Yield Gr's
Baillie Gifford & Co Ltd				
Int'l Exmt Feb 15	428.8	445.3	—	—
Cent. Bd. of Fin. of Church of England				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Inv Fund Mar 31	498.00		—	4.76
Fxd Int Sec Mar 31	142.20		—	10.06
Deposit Mar 31	100.00		—	12.56
Charities Official Invest. Fund				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Income Mar 31	472.94		—	5.05
Accum Mar 31	1541.14		—	—
Edinburgh Fund Mngrs PLC				
Exempt Funds				
American Apr 5	125.3	128.7	+3.6	1.75
Managed Apr 5	127.6	132.4	-0.1	2.17
Japan Apr 6	139.7	143.5	+3.2	0.10

	Bid Price	Offer Price	+ or -	Yield Gross
Allied Dunbar Assurance Plc				
Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514				
Fixed Int. Dep. Acc.	257.3	270.9	+0.1	—
Equity Acc	818.3	861.4	-4.6	—
Property Acc	485.6	511.2	—	—
Far East Acc	195.2	205.5	-1.2	—
European Acc	21.1	22.3	—	—
Managed Acc	647.7	681.8	-4.4	—
Managed Cap	368.6	388.0	-2.5	—
O'seas Earnings Acc	545.9	574.7	-4.2	—
Gilt Edged Acc	312.3	328.8	+0.1	—
American Equity Acc	413.2	435.0	-0.4	—
American Man. Acc	192.6	202.8	-0.2	—
American Prop Acc	138.6	145.9	-0.3	—
Pen. F.I. Dep. Cap	283.2	298.2	+0.1	—
Pen. F.I. Dep. Acc	482.1	507.5	+0.2	—
Pen. Prop. Cap	569.1	599.1	-0.1	—
Pen. Prop. Acc	1069.7	1126.0	—	—
Pen. Man. Cap	786.9	828.4	-9.0	—
Pen. Man. Acc	1478.4	1556.3	-16.7	—
Pen. Gilt Edg. Cap	313.4	329.9	+0.2	—
Pen. Gilt Edg. Acc	481.0	506.4	+0.3	—
Pen. Eq. Cap	1284.4	1352.1	-18.2	—
Pen. Eq. Acc	1829.0	1925.3	-25.6	—
Pen. Am. Eq Cap	130.8	137.7	-0.4	—
Pen. Am. Eq Acc	156.9	165.2	-0.4	—
Pen. Far East Cap	233.6	245.9	+0.6	—
Pen. Far East Acc	280.3	295.1	+0.7	—
Pen. Euro Cap	23.7	25.0	—	—
Pen. Euro. Acc	25.6	27.0	—	—
Pen. B.S. Acc	526.5	552.9	+0.2	—
Pen. B.S. Cap	317.9	333.9	+0.1	—
Pen. D.A.F. Acc	369.3	369.3	+0.1	—
Pen. D.A.F. Cap	250.4	250.4	+0.1	—
Pen. Mortgage Cap	142.2	149.7	—	—
Pen. Mortgage Acc	170.7	179.7	+0.1	—
Hodge Funds				
Pen Equ Cap	26.8	28.3	-0.2	—
Pen Equ Acc	27.7	29.2	-0.2	—
Pen Am Eq Cap	28.5	30.1	-0.1	—
Pen Am Eq Acc	29.6	31.2	—	—
Pen Far East Cap	29.5	31.1	+0.1	—
Pen Far East Acc	30.4	32.1	+0.1	—
Pen Euro Cap	32.3	34.0	-0.1	—
Pen Euro Acc	33.4	35.2	-0.1	—
James Capel Funds				
Pen Equ Cap	28.2	29.7	-0.1	—
Pen Equ Acc	29.1	30.7	-0.1	—
Pen Am Eq Cap	28.6	30.2	—	—
Pen Am Eq Acc	29.6	31.2	-0.1	—

INSURANCES

Continued on next page

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Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Fund	293.4	308.9	.....	-
Man Pens Inc & Cap Fds	384.9	405.2	.....	-
Money Fund	118.2	124.5	.....	-
Pens Mngd Fd (Init)	102.0	107.4	.....	-
Pens Mngd Fd (Acc)	122.3	128.8	.....	-
Pens FT30 Fd (Init)	142.6	150.2	.....	-
Pens FT30 Fd (Acc)	170.9	179.9	.....	-
Pens O'seas MgFd(Init)	71.7	75.5	.....	-
Pens O'seas MgFd(Acc)	86.0	90.6	.....	-
Pens Fxd Int Fd (Init)	104.4	109.9	.....	-
Pens Fxd Int Fd (Acc)	125.2	131.8	.....	-
Pens Deposit Fd (Init)	104.1	109.6	.....	-
Pens Deposit Fd (Acc)	124.7	131.3	.....	-

Premium Life Assurance Co Ltd
37-39, Perrymount Road Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or -	Yield Gross
American	111.0	117.0	+1.0	-
Building Soc. Fd.	169.0	178.0	- -	-
Balanced	274.0	289.0	.....	-
European	158.0	167.0	.....	-
GT Managed	175.0	185.0	-1.0	-
Gartmore Mngd	112.0	118.0	.....	-
German	107.0	113.0	+1.0	-
Gilt	175.0	185.0	.....	-
Global	48.0	51.0	.....	-
High Inc	116.0	123.0	-1.0	-
International Equity	181.0	191.0	-1.0	-
Japan	240.0	253.0	.....	-
Managed	62.0	66.0	-1.0	-
Property	276.0	291.0	.....	-
R. W. Imperial Gold	134.0	142.0	+3.0	-
UK Equity	366.0	386.0	-3.0	-
Pension Funds				
American	138.0	146.0	.....	-
Building Soc. Fd.	168.0	177.0	+1.0	-
Balanced	212.0	224.0	.....	-
European	158.0	167.0	+2.0	-
German	98.0	104.0	+4.0	-
Gilt	148.0	156.0	-1.0	-
International Equity	135.0	143.0	+1.0	-
Japan	137.0	145.0	+1.0	-
Managed	63.0	67.0	.....	-
Property	213.0	225.0	.....	-
UK Equity	328.0	346.0	-3.0	-

Prolific Life & Pensions Ltd
Stramongate Kendall Cumbria LA9 4BE 0539 33733
Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Balanced Gwth Mngd.	564.0	594.4	-3.8	-
Adventurous Mngd.	117.3	124.8	-0.7	-
Secure Mngd.	106.9	112.7	-0.3	-

Prudential Holborn Pensions Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	536.2	564.5	-2.3	-
Equity	776.0	816.9	-6.1	-
Global Equity	220.3	231.9	-0.3	-
Fixed Interest	396.8	417.7	-1.2	-
Property	379.5	399.5	.....	-
Cash	153.0	161.1	+0.1	-
Index Linked Gilt	194.8	205.1	+0.2	-
Guaranteed	12.06	.....	.....	-
International Money	197.2	207.6	+0.0	-
North American	60.7	63.9	+0.2	-
Japanese	133.6	140.7	-0.5	-
European	83.6	88.1	+0.1	-
Special Situations	112.0	117.9	-1.3	-
Commodications	94.3	99.3	-1.4	-
Smaller Companies	105.9	111.5	-1.1	-
International Small Cos	116.9	123.1	-0.2	-

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 01-405 9222

	Bid Price	Offer Price	+ or -	Yield Gross
Discretionary Mar 29	£148.94	154.09	.....	-
Equity Mar 29	£164.06	170.08	.....	-
International Mar 29	£23.87	24.59	.....	-
Intl Bond Mar 29	£11.41	11.57	.....	-
Fixed Int Mar 29	£71.51	72.47	.....	-
Index Linked Mar 29	£60.42	61.16	.....	-
Property Mar 29	£106.30	112.70	.....	-
Cash Mar 29	£20.4200	20.4200	.....	-
Pru-Linked Retirement Plan				
Managed Apr 5	370.2	385.7	.....	-
Cash Apr 5	191.9	199.9	.....	-
Prudential Pensions Investment Account				
Pens Mngd Apr 7	149.0	156.9	-2.3	-
Pens UK Eq Apr 7	286.8	301.9	-5.7	-
Pens Intl Apr 7	172.6	181.7	-0.9	-
Pens Fixed Apr 7	163.1	171.7	-0.5	-
Pens Index Lk Apr 7	153.2	161.3	-1.0	-
Pens Cash Apr 7	125.5	132.2	.....	-

Regency Life Assurance Co Ltd
Regency Hse, Lamark Sq, London E14 9XS 01-538 8800

	Bid Price	Offer Price	+ or -	Yield Gross
Aggressive Ptflio Fd	114.7	120.7	-1.3	-
Balanced Ptflio Fd	303.1	317.9	-3.1	-
Cautious Ptflio Fd	119.4	125.6	-0.6	-
Elite Fund	104.0	109.4	-1.7	-
European Fund	79.5	83.6	.....	-
Far East Fund	110.0	114.7	.....	-
Fixed Interest Fund	239.9	252.5	-0.5	-
International Fund	251.5	264.7	+0.1	-

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

JERSEY (**)

SWITZERLAND (SIB RECOGNISED)

BERMUDA AUTHORISED

GUERNSEY (**)

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99⅞	99	Treas 9½pc Cnv 1989	99⅞	......	–	–
99⅜	97	Treas 3pc 1989	99	......	3.02	9.59
99⅞	99	Treas 10½pc 1989	99⅞	+⅛	10.54	12.49
99¾	98	Exch.10pc 1989	99	–⅛	10.08	12.52
99¾	99	Exch 11pc 1989	99¼	......	11.08	12.54
97	95⅝	Treas 5pc 1986–89	97xd	......	5.14	10.57
99½	99⅛	Exch 10¼pcCv '89	99	–⅛	10.31	11.15
101	100	Treas 13pc 1990‡‡	100	–⅛	12.93	12.14
99	99	Exch 11pc 1990‡‡	99	–⅛	11.10	12.12
101	100	Exch. 12½pc 1990	100	–⅛	12.47	12.19
93¼	91	Treas. 3pc 1990	93xd	......	3.22	9.76
96	95⅝	Treas 8¼pc 1987–90‡‡	96	–⅛	8.58	11.85
98	96	Treas. 8pc Cv 1990 ‡‡	96	–⅛	8.34	11.51
98	97	Treas. 10pcCv 1990	97xd	–¼	10.26	11.82
90	87	Exch 2½pc 1990	89	......	2.79	9.59
101	100	Treas 11¾pc 1991	100	–¼	11.74	11.69
91⅞	89⅞	Funding 5¾pc '87–91‡‡	91	......	6.28	10.61
88½	86	Treas. 3pc 1991	87¼xd	......	3.42	9.61
100	97	Treas 10pc Cv '91 ‡‡	97	–⅛	10.27	11.37
101	99	Exch. 11pc 1991	99xd	–⅛	11.11	11.46
94	92¼	Treas. 8pc 1991	92¼	–⅛	8.67	11.42
106	103	Treas 12¾pc 1992‡‡	103	–⅛	12.28	11.09
99½	97	Treas 10pc 1992	97	–⅛	10.29	11.18
94	91	Treas 8pc 1992 ‡‡	92¼xd	–⅛	8.69	11.15
100¾	98	Treas 10½pc Cv 1992‡‡	98xd	–⅛	10.67	11.12
85	82¼	Treas. 3pc 1992	83⅝	......	3.59	9.02
105	103	Exch. 12¼pc '92	103	–⅛	11.88	11.12
109¾	106	Exch 13½pc 1992	106	–⅛	12.64	11.05
94	91	Treas 8¼pc 1993	91	–⅛	9.00	10.94
100	97	Treas 10pc 1993‡‡	97xd	–⅛	10.26	10.80
108¼	105	Treas 12½pc 1993‡‡	105	–⅛	11.85	10.84
87¼	85½	Funding 6pc 1993‡‡	85¼	......	6.98	9.97
113¼	110½	Treas 13¾pc 1993‡‡	110½	–⅛	12.45	10.81
94½	91	Treas. 8½pc 1994	91½	–⅛	9.28	10.78
117	114½	Treas 14½pc 1994‡‡	114½	–½	12.66	10.60

Five to Fifteen Years

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
113	110	Exch 13½pc 1994	110xd	–½	12.24	10.80
100¼	97	Treas. 10pc Ln. 1994‡‡	97	–⅛	10.25	10.61
110¼	106	Exch. 12½pc 1994	106	–⅛	11.69	10.77

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CANADIANS

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
157p	130p	♥ABM Gold Corp ‡	135p	.....	–	–	–
18¼p	4½p	♥Abbot Energy Corp.	18¼p	.....	–	–	–
13¼	902p	♥Amer. Barrick Res.	12⅞	+⅛	–	–	–
3¼p	2½p	♥Amer Lightwave ‡	2½p	.....	–	–	–
19⅜p	12¼p	♥Armeno	16p	.....	–	–	–
109p	94p	♥Asiamerica ‡	108p	.....	–	–	–
33¼p	23p	♥Augmitto Expln.	23p	–1	–	–	–
14⅝	12⅞	Bk. Montreal ‡	14	.....	$2.12	–	7.3
762p	655p	Bk. Nova Scot ‡	708p	–6	84c	–	5.7
18¼	17	BCE ‡	18¼	.....	$2.44	–	6.4
768p	570p	♥Bow Valley‡	757p	–7	♦40c	–	2.5
14¼	12¼	♥Brascan‡	13¼	.....	88c	–	3.2
228p	180p	♥Breakwater Res.	180p	.....	10c	–	2.7
13⅜	11⅛	Can Imp Bank‡	13⅛	+⅛	$1.16	–	4.3
12¼	997p	Can. Pacific ‡	11¼	.....	76c	–	3.2
41½	38½	Do. 4pc Deb £100.	41½	+3	4%	–	9.6
511p	374p	Central Capital "A" ‡	493p	–18	–	–	–
446p	340p	♥Corona Corp	400p	–7	–	–	–
373p	228p	♥Cons TVX Min	332p	–7	–	–	–
48½p	19½p	♥Danbos Mem Sys.‡	20p	–4½	–	–	–
633p	524p	♥Derlan Inds. ‡	603p	–1	11.75c	–	0.9
953p	751p	♥Echo Bay Mines	862p	.....	$0.07	–	0.4
572p	370p	♥ECO Corp ‡	437p	.....	–	–	–
16¼p	9½p	♥Energex Minerals‡	11½p	+1¼	–	–	–
234p	203p	♥Galactic Resources	224p	.....	–	–	–
330p	243p	Gandalf Techs. Inc	261p	.....	–	–	–
54½p	32p	♥Geodome Res.	32p	–2½	–	–	–
183p	138p	Granges Expln‡	138p	–2	–	–	–
27½p	6p	♥Gt Pacific Res.	17¾p	.....	–	–	–
779p	651p	♥Gulf Canada‡	726p	–7	52c	–	3.4
12½	10¼	♥Hawker Sid Can‡	12⅛	.....	$1.08	–	4.2
536p	348p	♥Henlys Group	529p	–36	–	–	–
13⅛	11⅛	♥Hudson's Bay ‡	13	.....	60c	–	2.2
28¾	23	♥Imperial Oil‡	26⅝	–⅛	$1.80	–	3.3
18¾	14⅛	Inco‡	16⅞	+⅛	s$0.80	–	2.8
662p	599p	♥Inland Nat. Gas $1	659p	–6	60c	–	4.4
160p	102p	♥Madeleine Mines	160p	+7	–	–	–
193p	163p	♥Muscocho Expln	177p	–3	–	–	–
126p	85½p	♥Nevada Goldfields	116p	.....	–	–	–
12⅞	10⅞	♥Rio Algom	11¼	.....	$1.30	–	5.3
19¾	17¼	Royal Bk. Can. ‡	19½	.....	$2.20	–	5.4
41½	33¼	Seagram‡	40⅞	.....	US$1.40	–	2.0
112p	74½p	♥Sonora Gold Corp‡	91p	–3	–	–	–
85p	33p	♥Spiral Eng ‡	79p	+5	–	–	–
109p	73p	♥Tara Pure Tech. Corp‡	93½p	–½	–	–	–
19½	16⅛	Toronto-Dom. Bk.‡	18½	.....	$1.12	–	2.9
799p	686p	♥Trans Can Pipe	788p	–6	68c	–	4.1
183p	154p	Varity Corp‡	162p	–1	–	–	–

BANKS, HP & LEASING

1989 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd

INSURANCES

LEISURE

هكذا من الأصل

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LEISURE—Contd

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations. xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p.... γ	92	......
Craig & Rose £1.. γ	720	......
Finlay Pkg. 5p.... γ	91	−2
Holt (Jos) 25p..... γ	1280	+5

IRISH

Cap. 8½% Ln. 1991...	£100⅞	......
9pc Cap Ln. 1996..	£101	......
Fin. 13% 97/02...	£120½	......
Arnotts..................	460	−10
Carrol (P.J.)...... γ	154	......
Hall (R. & H.).......	155	+5
Kelton Hldgs....... γ	74	......
Irish Ropes..........	170	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	18
BAT	40
BOC Grp.	36
BSR	7½
BTR	28
Barclays	34
Beecham	40
Blue Circle	39
Boots	20
Bowaters	38
Brit Aerospace	42
Brit. Telecom	21
Burton Ord	18
Cadburys	31
Charter Cons	45
Comm Union	28
Courtaulds	26
FKI Babcock	13
FNFC	21
Gen Accident	71
GEC	15
Glaxo	90
Grand Met	38
GUS 'A'	98
Guardian	16
GKN	28
Hanson	12
Hawker Sidd	48
ICI	85
Jaguar	22
Ladbroke	38
Legal & Gen	26
Lex Service	34
Lloyds Bank	29
Lucas Inds	43
Marks & Spencer	15
Midland Bk	35
Morgan Grenfell	18
NEI	12
Nat West Bk	45
P & O Dfd	48
Plessey	15
Polly Peck	28
Racal Elect	25
RHM	32
Rank Org Ord	63
Reed Intnl	38
STC	24
Sears	13
TI	32
TSB	9
Tesco	12
Thorn EMI	55
Trust Houses	24
T&N	16
Unilever	42
Vickers	15
Wellcome	42

Property	
Brit Land	30
Land Securities	52
MEPC	50

Oils	
Brit Petroleum	21
Do. (P.Paid)	12
Burmah Oil	48
Calor	35
Charterhall	2½
Premier	9
Shell	85
Ultramar	21

Mines	
Cons Gold	180
Lonrho	38
RTZ	40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £985 per annum for each security.

FINANCIAL TIMES
Weekend April 8/April 9 1989

Lonrho allowed one copy of report

Financial Times Reporter

LONRHO last night returned to the Department of Trade and Industry all but one copy of the leaked DTI inspectors' report on the Fayed brothers' 1985 takeover of the House of Fraser stores group.

Mr Justice French, the High Court judge, said Lonrho could retain one document to assist its counsel in preparing for the company's appeal to the Law Lords on Monday. Lonrho subsequently handed over fifteen other copies.

The judge said that the one copy still held by Lonrho must be returned at the end of the hearing, which is expected to last three days, unless the Law Lords countermanded him.

Lonrho is to seek a ruling that Lord Young, Secretary for Trade and Industry, must refer the House of Fraser acquisition to the Monopolies and Mergers Commission. It also wants the Lords to tell Lord Young to reconsider his decision not to publish the report while the Serious Fraud Office considers whether it gives grounds for criminal prosecutions.

Mr Justice French gave his hour-long ruling in private. Mr Paul Spicer, a Lonrho director, said afterwards that he thought Lord Young might be "a little bit miffed" by the outcome. "Effectively the Government has gagged the press, gagged the Commons and the Lords, and has attempted today to gag Lonrho."

Mr Spicer said the judge had ordered that the report be made available to the House of Lords if required, and had authorised the return of a copy to Lonrho if Lord Young lost the case.

Mr Andrew Leithead, from the Treasury Solicitor's department, rejected any suggestion that Lonrho had won a victory.

"We have got the order that we sought," he said. "We are more than happy with the outcome. The copy is supplied to them for a very limited purpose. It was felt to be churlish to refuse their leading counsel an opportunity for preparing for Monday.

"Today's order doesn't entitle him to produce the document in the House of Lords. That will be a matter for the Lords."

Last Tuesday Lonrho persuaded another judge to relax injunctions banning disclosure of the report. Mr Justice Tudor Evans ruled that the media could report any parts of the report quoted in Parliament or in open court proceedings.

Plessey chief stands down

By Terry Dodsworth, Industrial Editor

SIR JOHN CLARK, head of the Plessey electronics group for virtually three decades, is to give up day-to-day executive control next March. He will be succeeded as chief executive by Mr Stephen Walls, 41, who joined the group as finance director less than two years ago and was made managing director in November.

Sir John, 63, announced his decision as the final touches were being put to the Monopolies and Mergers Commission report on the takeover bid for Plessey from General Electric Company and Siemens of West Germany.

He claimed yesterday that there was no particular significance in the timing of the statement. But he nevertheless took a sideswipe at GEC, saying that Plessey's plans to establish an orderly progression in its senior management was "in marked contrast to what exists in the UK company interested in acquiring Plessey."

GEC is headed by Lord Weinstock, 65 next July, who has no clear successor as managing director.

Institutional investors last night welcomed Sir John's move, though noting that it might prove to be academic if a renewed bid from GEC and Siemens were successful.

Sir John, one of the longest serving senior managers in Britain, became managing director of Plessey in 1962, and chairman and chief executive in 1970. Since then, several potential successors have left the company precipitately, prompting suggestions that Sir John was reluctant to give up control of the group that he inherited from his father.

Although the Ministry of Defence has argued that the GEC/Siemens bid poses a serious threat to competition in key areas such as sonar and torpedoes, it is widely expected that the bid will not be blocked by the MMC.

Mr Walls said yesterday he expected the results of the parallel monopolies investigation being conducted by the European Commission would be published at around the same time as the UK Government's decision.

Lord Young, Trade and Industry Secretary, is expected to make his decision on the MMC recommendations within the next two weeks.

New-style manager, Page 4

US army to help clean oil spill

Peter Riddell in Washington

PRESIDENT George Bush yesterday ordered an increased Federal role in cleaning up the Alaskan oil spill after describing as "not enough" the efforts of Exxon, the US's largest oil company, which has accepted responsibility for causing the environmental disaster.

US armed forces and equipment are to be made available to assist and the Federal authorities are to be more involved in a long-term restoration of Prince William Sound, where the tanker Exxon Valdez spilled more than 10m gallons of oil.

President Bush's promise yesterday of a greater federal commitment came in response to increasing local and Congressional concern over reaction to the March 24 disaster and the large amount of oil still not recovered.

Mr Lawrence Rawl, chairman and chief executive of Exxon, was given a rough time when he gave evidence to Congressional committees on Thursday and Republican and Democratic senators attacked Exxon's response.

Mr Bush said yesterday Exxon should "remain responsible for both damages and for employing civilian personnel necessary to control further damage. However, Exxon's efforts, standing alone, are not enough."

Asked whether the Government would take the company to court, Mr Bush said: "Exxon has assumed liability, and I am not going to stand here and suggest otherwise."

The President declined to estimate the cost of the clean-up, though Admiral Paul Yost, head of the US Coastguard, believes it is costing Exxon $1m (£588,000) a day and could cost $200m overall .

Mr Bush acknowledged the events had demonstrated "the inadequacy of existing contingency plans"; he had ordered a review to deal with future oil spills. He firmly rejected suggestions the accident should lead to any curtailing of offshore oil drilling or domestic oil production in view of the US's increasing dependence on imported oil.

"I'm not going to suggest that because of this [the accident] we are going to re-think a policy of trying to get this country less dependent on foreign oil."

In reply to a question he said: "Are you suggesting that because of the alleged human error of a pilot of a ship in Prince William Sound that we shut down all off-shore production? If so, I oppose it."

He said Exxon would be encouraged to hire more local people to help with the spill. Mr Samuel Skinner, Transportation Secretary, would work with the company in developing loan programmes to help businesses and individuals.

Man in the News, Page 6

EC calls for end to car quotas

By William Dawkins in San Sebastian

THE European Commission yesterday demanded wholesale removal of quotas on car imports to the European Community and called for an end to technical barriers to trade in the EC car industry.

The appeal was made to an informal meeting of the EC's 12 industry ministers, by Mr Martin Bangemann, the new Industry and Internal Market Commissioner.

It was seen as the strongest declaration yet by the Commission that a liberal trade and industrial policy for the industry is planned.

It is a change from the past Commission's more sympathetic view of car-producers' pleas for special treatment in preliminaries to the 1992 single EC market.

French and Italian car-producers have lobbied increasingly for EC industrial protection and are likely to be angry at the shift.

Mr Bangemann said: "The Community motor industry appears to be able to take full advantage of the completion of the internal market and to face the Japanese challenge within the Community itself."

His call was welcomed by the UK, West Germany and The Netherlands, but drew cautious responses from France, Italy and Spain which said the industry's general development must be considered.

Mr Tony Newton, UK Industry Minister, said: "There was a strong emphasis on open markets and competition. This is very close to the British view."

Mr Bangemann said he saw no place for the quotas on Japanese imports imposed by France, Italy, Britain, Spain and Portugal, which between them account for two-thirds of the EC car market.

He could not accept an EC-wide quota in place of national controls on Japanese car imports, though there could be an adjustment period for national curbs to be phased out.

Neither could he accept any specific local-content rules for cars, as urged by the French and Italian Governments.

The main point of existing EC local-content rules was to help enforce anti-dumping regulations. It should stay that way.

Mr Bangemann confirmed that the Commission planned to complete long-delayed plans for an EC-wide type-approval system for cars. Further, it may change voluntary technical requirements into mandatory ones.

Progress on EC monetary report

By Peter Norman, Economics Correspondent

THE BANK of England and the West German Bundesbank have obtained substantial amendments to the draft report of the Delors Committee which is studying steps to be taken towards economic and monetary union in the European Community.

European monetary officials say the latest version of the report has done much to dispel the impression created by the previous draft that EC economic and monetary union must follow from the 1992 programme for a barrier-free internal market in the Community.

However, it is far from clear whether the central bank governors and independent experts who make up the 17-strong group will be able to report unanimously later this month.

Officials said that the latest draft report might have moved so far towards accommodating objections from Mr Karl-Otto Pöhl, the Bundesbank president, and Mr Robin Leigh-Pemberton, Governor of the Bank of England, that objections may be provoked from France and Italy.

The latest draft, which will be discussed by the Delors Committee in Basle next Tuesday and Wednesday, has still not bridged fundamental differences in the committee over the nature and timing of moves towards economic and monetary union.

One group, which takes its lead from Mr Pöhl and is thought to include the representatives of Denmark, Ireland and Luxembourg, sees monetary union as a distant goal.

Such union would best be reached by further convergence of economic performance in EC countries and development of the European Monetary System.

The other group, headed by France and Italy, is looking for some clear institutional progress towards a European common currency and central Bank.

Besides these broad divisions, each EC bank governor has his country's individual interests to consider.

In its present form, the draft contains contradictory points of view. Mr Jacques Delors, the committee's chairman, has made it clear that he is seeking a document that all members will feel able to sign.

Some central bank officials believe unanimity may be possible if the report describes, rather than prescribes, the various possible moves towards monetary union. Some progress has already been achieved: two thirds of the first section of the previous draft has been cut to remove lavish praise of the EC's achievements.

Several monetary officials suggested that a report which clearly pushes political decisions towards the 12 EC heads of government would stand the best chance of gaining the central bankers' approval.

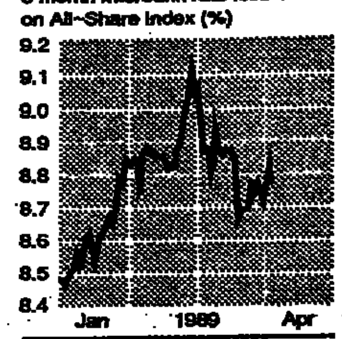
THE LEX COLUMN

Forcing the pace on base rates

FT index fell 1.2 to 1,683.0

Yield Gap

3 month interbank rate less Yield on All-Share index (%)



Suddenly, the talk is of higher UK interest rates. Phillips & Drew say the Chancellor ought to raise rates by a couple of points, but will lack the nerve: Warburg says they are going up a point anyway. There is no question that the argument is central for equities. If rates go up now, official policy on inflation will be in tatters: unless, that is, Mr Lawson uses his new powers as boss of the CSO and pulls mortgage rates out of the retail price index. Above all, a base rate rise after a tight Budget would smack of desperation, and market sentiment cannot afford that.

But it is not yet clear that the pessimists are right. If one leaves aside the tricky question of wage inflation, the part of the economy which is out of control is the trade balance. If consumer demand is indeed slowing down – and granted, that is not yet clear – the only pressure which the trade figures exert on base rates is through the exchange rate. Forecasts of higher base rates can be self-fulfilling, if they cause the foreign exchange market to force sterling down and hurry things along. But this week, there has been no sign of that. Trade-weighted sterling has been almost unchanged, and indeed, three month interest rates have moved up by only a quarter of a point.

But what if base rates do not move? The institutions this week have given the impression of caution; willing to take stock on the right terms, as with the Hillsdown placing, but doing little business otherwise. The FT-SE is down 30 points on the week, but is still in the middle of the range established after the January run. This is still consistent with sideways drift: but a base rate rise, or indeed, another bad set of trade figures, could change all that.

Laird

A 17p rise in Laird's share price yesterday was an odd response to news that its taxi and bus subsidiary has been losing staggering sums of money for several years without anyone noticing. Perhaps the nightmare is now over at MCW, and yesterday's losses and provisions of almost £50m are the end of it; but even so, the simple fact that such incompetence went undetected for so long does not reflect well on the management. The company has often boasted of its deftness at making good acquisitions; perhaps it should have been spending more time keeping closer track of the businesses it owns already.

The market's refusal to punish Laird yesterday may be because the company is perfectly plausible as a bid target. Indeed, its dominant market share in car body sealants, and its rare double figure margins in that business, could well catch the eye of a company like BTR. But while the logic may be there, there has been precisely no evidence of stake-building, which suggests that some of the buying came from those who regard Laird as good value for its own sake. The company has weathered the disaster of MCW with considerable fortitude: its cash flow strong, and its balance sheet in good condition even after the write-offs. The non-MCW parts are doing fine, and the dividend increase proves the directors are unruffled. To those who have given up predicting the downturn in European car sales, the shares do not need a bidder to justify themselves on a p/e of 8.5.

Money brokers

While British & Commonwealth's management smarts at its low share rating, the sorry saga of International City Holdings (ICH) shows why the City is right to be dubious about the quality of money brokers' profits. ICH, which had grown fat in the Euromarkets in the 1970s, overstretched itself in the US in the early 1980s and had to be rescued by Mercantile House in 1982. Three years and several management buyouts later, it returned to the stock market in late 1985 with a £87.4m price tag.

It is now worth less than half that sum. Yesterday it announced a £29.8m attributable first-half loss – mainly to cover the costs of the sale of its securities business – and passed its dividend, and its shares dropped by 25 per cent. The chief executive has been replaced, a new chairman is being sought, and the company is going back to doing what it knows best – money broking. It all sounds depressingly familiar. Having lost most of its shareholders' money, ICH is getting yet another chance; and the presence of a single big shareholder means that it is fairly safe from an unfriendly takeover. As Saatchi & Saatchi and others have often demonstrated, the returns in so-called people businesses rarely match the risks.

Storehouse

Storehouse is proving itself better at managing the Takeover Panel than at running its own businesses. The news this week that the company has entered an "offer period" with Asher Edelman reveals a timely application of the rules, deftly designed to put Mr Edelman on the defensive.

The Code makes it quite clear that an offer period starts with any talk of a possible bid, but there is evidently scope for flexibility in its use. The critical statement was made a week ago, when Mr Edelman said yet again that a bid was an option but added that more research was needed and that, in any case, he did not have the money. In short, the prospects of a bid seem actually to have receded since the beginning of the year, when he was clamouring for meetings with the board to discuss price.

It is not hard to see why it suddenly suits Storehouse to pull this trick. During the offer period, companies cannot make disposals or restructure their business – which would have made the Savacentre, LET or Fnac deals impossible. The implicit message now is that Storehouse has either done all the reshuffling it plans to do, or that it expects to get rid of Mr Edelman promptly.

Probably, Mr Edelman would dearly love to get out of the whole thing, but selling the stake at a still bid-inflated price is not going to be easy. He could always try to win at Storehouse's own game by just sitting there, permanently poised to bid. The offer period, after all, is quite open-ended.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
RWE	267	+	9.5
Continental	254	+	6.2
Karstadt	441	+	6
Falls			
Linde	760	−	9
NEW YORK ($)			
Rises			
Apple	37	+	1
Intel	26¼	+	¾
Limited	27½	+	1½
Falls			
Merck	65½	−	⅜
Texas Air	13¼	−	¼
PARIS (FFrs)			
Rises			
Maisons Phenix	99	+	11
Euromarche	2837	+	143
UFB-Locabail	445	+	20
Falls			
Telemechanique	4410	−	135
BIC	733	−	22
Carnaud	640	−	19
TOKYO (Yen)			
Rises			
Nippon Chem Ind	1050	+	105
Horiba	1850	+	170
S'tomo Hvy Ind	1280	+	110
Falls			
Tosho Printing	1240	−	120
Shintom	2620	−	220
Dai-ichi Seiko	1720	−	100
LONDON (Pence)			
Rises			
Gateway	177½	+	5½
Guinness	445	+	13
Kingston Oil G	93	+	5
Laird	268	+	17
Lambert How'th	150	+	25
Lonrho	325	+	7
Marler Estates	118	+	13
Ward White	272	+	7
Falls			
Coalite	377	−	9
Cont Stationery	88	−	12
Dowty	262	−	7
Enterprise Oil	507	−	10
Int City Hldgs	58	−	19
Lamont	269	−	6
Pearson	712	−	8
Reckitt Colman	1059	−	9
Taylor Woodrow	611	−	12
WB Inds	78	−	13

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	–	–	–	Dallas †	F	11	52	Madeira	F	19	66	Prague	F	12	54
Algiers	S	25	77	Dublin	R	7	45	Madrid	R	10	50	Reykjavik	S	2	36
Amsterdam	S	10	50	Dubrovnik	S	16	61	Majorca	S	17	63	Rhodes	S	23	73
Athens	S	19	66	Edinburgh	R	5	41	Malaga	F	18	64	Rio de Janeiro	–	–	–
Bahrain	F	22	72	Faro	C	15	59	Malta	S	18	64	Rome	F	16	61
Barcelona	F	16	61	Florence	F	16	61	Manchester	C	6	43	Salzburg	S	14	57
Belfast	R	5	41	Frankfurt	R	8	46	Melbourne	C	17	63	S'Francisco †	F	16	61
Belgrade	F	18	64	Geneva	C	13	55	Mexico City	–	–	–	Santiago	–	–	–
Berlin	F	13	55	Gibraltar	F	17	63	Miami †	S	17	63	Seoul	F	17	63
Biarritz	C	13	55	Glasgow	R	6	43	Milan	S	16	61	Singapore	–	–	–
Birmingham	C	8	46	Guernsey	S	10	50	Montreal †	F	3	37	Stockholm	C	6	43
Blackpool	R	6	43	Helsinki	C	5	41	Moscow	S	5	41	Strasbourg	C	13	55
Bombay	S	40	104	Hong Kong	R	20	68	Munich	F	13	55	Sydney	Dr	18	64
Bordeaux	C	13	55	Innsbruck	F	14	57	Nairobi	C	18	64	Tangier	F	17	63
Boulogne	F	10	50	Inverness	R	6	43	Naples	F	16	61	Tel Aviv	S	23	73
Bristol	C	8	46	Isle of Man	R	5	41	Nassau	–	–	–	Tenerife	F	20	68
Brussels	S	11	52	Istanbul	S	20	68	Newcastle	R	6	43	Tokyo	S	18	64
Buenos Aires	–	–	–	Jersey	F	11	52	New Delhi	S	31	88	Toronto †	S	1	34
Budapest	C	13	55	Johannesburg	F	22	72	New York †	S	7	45	Tunis	S	22	72
Cairo	S	34	93	Las Palmas	F	19	66	Nice	F	16	61	Valencia	F	19	66
Cape Town	S	25	77	Leeds	R	6	43	Nicosia	S	24	75	Venice	F	14	57
Cardiff	F	9	48	Lisbon	S	12	54	Oporto	F	12	54	Vienna	S	15	59
Chicago †	F	2	36	Locarno	–	–	–	Oslo	R	5	41	Warsaw	C	8	46
Cologne	F	13	55	London	C	10	50	Paris	F	11	52	Washington †	F	6	43
Copenhagen	C	6	43	Los Angeles †	F	21	70	Peking	S	22	72	Wellington	S	20	68
Corfu	S	19	66	Luxembourg	F	8	46	Perth	F	19	66	Zurich	F	15	57

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

Gorbachev stands firm

Continued from Page 1

mament matters, the Soviet leader said it must be recognised that there was a connection between different sets of arms control negotiations.

It was at this point that Mr Gorbachev showed his teeth. He said: "There can be no doubt that if, for instance, Nato goes ahead with its programme of modernising tactical nuclear weapons, this is bound to affect the Vienna talks. . . and the situation in Europe in general. This is bound to devalue much of what has been achieved under the INF treaty (the 1987 superpower agreement abolishing land-based medium-range nuclear missiles)."

Mr Gorbachev said that the Soviet Union was strongly opposed to the plans for modernising Nato's tactical nuclear weapons – which Mrs Thatcher, equally firmly, supports – and denied Western claims that the Soviet Union was modernising its own short-range nuclear weapons or had any such intention.

The Prime Minister replied at her press conference yesterday that Nato had already decided that short-range nuclear weapons needed to be updated to maintain their effectiveness.

Mrs Thatcher's attachment to the doctrine of "nuclear deterrence" also received short shrift from the Soviet leader, who appeared to be addressing himself as much to world public opinion and those Nato countries, like West Germany, where doubts about nuclear weapons are most widespread, as to his British audience.

"I believe that it is high time that, instead of speaking of how to deter others with nuclear weapons, we spoke of how to deter, to keep in check nuclear weapons themselves."

Mr Gorbachev also announced precise figures on the strength of the Soviet armed forces which, he said, totalled 4,258,000 men as of January 1 this year but which would be reduced to 3,760,000 by the end of 1990.

Much of Mr Gorbachev's speech was devoted to explaining – and justifying – his political and economic reform policies. "We are convinced that, only through democratisation, is it possible to build a well-functioning, healthy and dynamic economy," he said.

Mrs Thatcher assured Mr Gorbachev, whom she described as "one of those rare people who has the vision, the boldness and the sheer power of personality to change the whole future of the country, and to have a profound effect on the wider world as well," of Britain's full support for perestroika.

Royal question

Continued from Page 1

President had been taken by President Reagan. Now, in place of George Shultz and Charles Price sat Eduard Shevardnadze and Leonid Zamyatin. For Nancy, read Raisa.

Even so, Mrs Margaret Thatcher could not restrain herself from recalling images of Ronnie. On mention of the name, Mr Gorbachev whispered to his wife, no doubt remarking on just how relaxed the old boy used to be. As she launched into fresh praise of her latest beau – dubbed "Maggie's Tolstoy Boy" by one tabloid – the President's translation ear-piece packed up. Responsibility was being pinned on faulty British workmanship or the CIA.

Though Mr Gorbachev's speech was not as dramatic as his United Nations address, it gave plenty of food for thought, as Mrs Thatcher later acknowledged. On the way out she told him the occasion could be the "start of something really big."

Mr Gorbachev went walkabout outside the Guildhall and then made history by getting from the City to Windsor by of the M4 in less than four hours on a Friday afternoon.

The only gaffe came when Mr Gorbachev, waiting to inspect the First Battalion, Coldstream Guards, stepped on to the manicured grass. Prince Philip pointed regally to the gravel and the President stepped back into line.

There was a walk past the Military Knights of Windsor and a peek at the bullet that did for Nelson at Trafalgar and the cloak that kept Napolean warm at Waterloo, before lunch in the state dining room. After that it was back to Heathrow, and then to the Moscow spring to contemplate a royal visit.

The Aeroflot sandwiches on the way home must have been a terrible anti-climax.

Weekend FT

SECTION II — Weekend April 8/April 9, 1989

Stopping evolution's clock

Christian Tyler visits a truculent African character in the Garden of Eden

THE BLACK rhinoceros stands in the Garden of Eden, gloomily browsing on a cactus bush and pondering his extinction as a species after more than three million years.

Solitary in his habits, short-sighted, unpredictable and dim, *Diceros bicornis* has failed to accommodate to more quick-witted competitors for living space, such as *homo sapiens*. He is neither sociable nor useful. "The most stupid of the very big creatures," according to Theodore Roosevelt, big game hunter and president of America. The rhino's only intellectual achievements are a marvellous memory for local geography and great patience. But his character lets him down. He is truculent, resentful, conservative and muddled, which makes him occasionally dangerous. He is suspicious even of his own kind. His libido is low and his sex life a matter of chance encounters. When the chance does arise, he is a fierce lover, humping his mate for over an hour at a time. But the effort is ill-rewarded. She can give birth only once every two and a half years, and it is just not enough.

About five million years ago this odd-toed ungulate took a wrong evolutionary turning. Instead of growing tall and leggy like his cousins the horse and the zebra (though he can still match a galloping horse over a short distance), he developed great bulk and a thick skin. It is still not enough. A dead rhinoceros has always been worth more to mankind than a live one, for his hide, blood, bones and especially for the horns of matted hair that sprout from his muzzle. His skin is not thick enough to deflect man's poisoned darts or his machine-gun bullets. As rhinos become more scarce, so the price of rhino horn rises: today it fetches up to $15,000 wholesale in the Far East pharmaceutical market and has recently become an investment commodity for Taiwanese businessmen. So the rhino is rumbling to the end of his evolutionary line. He is rusting away like an old tank.

Why bother to save him?

The rhino clings on in this garden of Eden, cut off from the rest of impoverished Africa by an electric fence, ten feet high. Inside the animal concentration camp life goes on as if the Fall of Man had never occurred. The land rises gently from a saline lake whose shores are a ribbon of bright pink — the feathers of millions of flamingoes. A hippopotamus squelches about in the mud. Buffaloes barge through the thickets and giraffes lollop through glades of fever trees.

Where the bush gives way it is to vistas of tawny grassland, as neat as a country gentleman's park, dotted with thorn trees whose flattened profiles have been trimmed by some unseen topiarist. Vultures pose in the branches, their heads turned sideways like old-fashioned umbrella handles. Below them graze thousands of skittish impala and sedate waterbuck. Baboons drop like old fruit with a thud from the branches to scratch in the earth. A troop of warthogs trots primly along, ugly sisters in blonde wigs on their way to the ball, their tails pointing skywards like radio aerials. It is dusk and each creature is minding its own business. When man rolls past in his humming metal box on wheels, the animals stare unconcernedly. They have not heard of Charles Darwin. They are living in a primitive painting, a Creationist idyll, and the killing does not start until after lights-out.

The boundary fence of this Eden has 7,000 volts pulsing through it — not enough to kill anyone but sufficient to shock the thickest pachyderm. It is there to keep the rhino in and his poacher enemies out. Baboons go to and fro freely, having learned to keep their hands and feet off the alternate strands of live wire. So do the local children, having learned to short-circuit the system by dropping loops between the strands. When the circuit is broken, an alarm sounds in one of the perimeter guard houses; if the guard is at his post, it will not be many minutes before the rangers arrive. But it is long enough to let a child nip through the wire, scoop up some firewood or set a trap.

The thatched mud huts in which these children live stand just outside the fence. The scrabby plots on which the African families grow their maize and graze their goats run right up to the edge of the Garden. Behind the mud huts, the hills have been stripped of vegetation. Blessed with modern medicines and one of the highest birthrates in the world, humans are swarming over the land. They are stopped short only by the fence. Beyond the wire the African sees a dreamland of fuel, water and pasture, a game larder of meat on the hoof. He sees black men with rifles and white men with cameras — and the rhinoceros walking about with ten years' wages on his nose.

Is that really fair?

It costs £4,000 a year to sustain each of the 19 black rhinos in the Nakuru wildlife reserve in Kenya's Rift Valley. That is nearly 20 times the per capita wealth of the Kenyans themselves. The rhinos owe their good fortune partly to the government of Kenya which proposed a sanctuary for them in the reserve, but mainly to rich and titled people in England who provide most of the money.

The beast chewing the cactus bush down by the lake is there because Lord Whitelaw was persuaded to throw a fund-raising party at the House of Lords, because Prince Philip had some businessmen to dinner, because Prince Bernhard of the Netherlands presided over a charity ball at the Park Lane Hotel in Piccadilly (cabaret by the Rhinettes, music by the dance band of the Irish Guards) and because an Old Etonian naturalist, Sir Christopher Lever, organised at Sotheby's an auction of animal pictures, sculptures and a poem written by the Poet Laureate.

It is hard work raising money for rhinos when there is so much else to give money for, including Africa's starving people. And one's plans can so easily be spoiled. Why did Prince Andrew have to announce his engagement on the very day of the House of Lords reception? Did the lifeboat people and the muscular dystrophy people have to throw their charity balls on the same night? Did the stock market crash *have* to happen a fortnight before the Sotheby's auction?

Is the game worth the candle?

The man who raised the money for the Nakuru rhino rescue project is sitting by the camp fire with a large whisky in his hand. Nearby, a lion is bellowing into the moonlight. The servants are preparing the usual three-course dinner in the mess tent — dinner has been much delayed tonight by an ugly-looking grass fire that threatened to sweep through the fence from Lord Delamere's estate. Count Maurice Coreth, despite his Austrian name and title, is very much the product of his English public school. He came to Africa in the early Fifties to shoot elephant, play polo and farm. A former winner of the Kenya Grand National, a yachtsman, adventurer and raconteur, he has the rugged looks of a John Wayne.

This gentleman amateur, a hunter-conservationist with a robust contempt for officialdom, has an uncomplicated motive for wanting to save the rhino. Ours, he says, is the last generation of mankind to stand between the animal and its extinction: therefore we have an obligation to save it. As an old colonial himself, Coreth knows how delicate his position at Nakuru is. "We have no ambitions here at all apart from seeing things go right", he said. In effect, the Kenyan government has admitted Coreth's charitable trust as a private, self-financing subcontractor to the state. It helps that Coreth gets on well with the department of wildlife's director, Dr Perez Olindo, a shrewd and experienced official with a reputation for honesty in an administration that conservationists suspect of colluding with the poachers.

Coreth's is a practical crusade with a moral justification. The Kenyan government has a different but compatible interest: foreign exchange. Worth $300m last year, tourism has become the country's biggest single earner of foreign currency after coffee, and at least 40 per cent of the revenue is attributable to the wildlife. "We look on these animals as some of our best workers," Olindo said. "They don't make pay claims and they don't have a trade union." About $7m of tourist revenue goes back into wildlife conservation, a figure that Olindo says will double when his department becomes a self-managing agency this summer.

Kenya may be one of the most stable countries in Africa but it has more pressing problems than the wellbeing of the rhinoceros: the defence of its borders against its turbulent neighbours, the servicing of a $5.2bn external debt, the health, education and feeding of 23m people

So forget the rhino.

The servants were getting lunch when a van rolled into the camp. Out jumped three breezy officials in spotless white safari suits: the director for Africa of the World Wildlife Fund (now called the World Wide Fund for Nature) with a woman assistant from Geneva and the WWF's man from Nairobi. The professionals had arrived — voluble, fluent and deft with the Press. The Count retired, looking glum.

The WWF has a new script these days. They don't talk about cuddly pandas and baby seals any more. It's all about sustainable development, biological diversity, ecosystems, deforestation, salination, catatlytic investment, and — yes — people. Dr John Hanks, the WWF director, admitted that conservationists will fail to save the animals unless they come up with something for the people. Hanks is an Englishman with a PhD in elephant reproduction from Cambridge University and he has it all at his fingertips. "What does conservation mean to the man outside the fence?" he asked. "He can't even afford the entry fee. Where's the benefit to the local community? Who in the end pays the bill?"

Some rare species — plants, for instance — are worth saving because they contain genes useful to man. In order to save others with no proven medicinal value, like the rhino (though Chinese doctors claim rhino horn really works) you must preserve their habitat. By preserving the animals' habitat you stop deforestation, soil erosion, salination and drought and you maintain the water table — all to the benefit of agriculture, economic development and the quality of human life. This is especially true where the reserve stands above the surrounding human habitation. Where it lies below, as at Nakuru, the problem is different, because then the health of the park depends on good husbandry outside it.

Big fund-raising organisations like the WWF are becoming missionary societies in order to spread the conservationist gospel to the poor. The analogy is not random. Hanks himself recently went on retreat to Assisi where church leaders discussed whether conservation was a proper subject for sermons. At Nakuru there are school visits, wildlife clubs and local meetings at which the African villagers vent the anger they feel at being denied access to abundant wood and virgin soil. It will take more than a month of Sundays to alter their perceptions.

Governments need to spend at least $200 a year on each square kilometre of wildlife park if they are to defeat the poacher and save the animals, according to Dr Esmond Martin, an American geographer in Nairobi who has made it his life's work to expose the illegal trade in rhino horn and elephant ivory. At $400 a year, conservation has a 95 per cent success rate; at $100, a 90 per cent failure rate. For Kenya, with nine per cent of its land reserved for animals, that implies an annual budget of between $11m and $22m. According to Perez Olindo's projections, they are nearly there.

Man can stop the evolutionary clock if he chooses.

Last year, for the first time in many years, the black rhino population of Kenya, last counted at 521, actually increased. In all of Africa there were about 100,000 black rhino 25 years ago. Today there are about 3,800. The white rhino nearly died out in the 1920s; it has been hauled back from the brink and now numbers more than 4,600. Perhaps 1,500 of the Indian and Sumatran species still survive. They are seriously threatened — yet the Kingdom of Nepal, which needs a dead rhino in order to consecrate its monarch, has created a surplus.

Moral outrage, world pressure, tourism, government aid and charitable donations all help. But they are not enough. Even the disincentive of sudden death for poachers is not enough. Market forces have to be manipulated. The price on the rhino's head has to be brought down by suppressing or dissipating demand (by de-horning him?). And the people on the other side of that 7,000-volt fence have to discover a sound economic incentive to accept their banishment from the Garden of Eden.

The Long View

Shareholders? Who needs them!

NEVER SINCE the rise of British managerial capitalism has so much deference — and power — been accorded to the ordinary shareholder. In the 1970s, militant trade unions and mediocre managers led to a slump in profitability and the value of his holdings. Both groups have now been routed, not least thanks to the boom in hostile takeover bids launched in the name of shareholder rights. The proportion of national income now going in profits to shareholders is one of the highest in the world.

It is mandatory for the 1980s'-style company chief executive to sprinkle all his public pronouncements with phrases like "serving the interests of our shareholders" or "maximising shareholder wealth." Equally essential is the Topic or Reuters screen behind the wood panelling in his executive suite on which he can check the company share price hour by hour.

The advocates of unfettered markets — for labour, capital and corporate control — see this resurgence of the shareholder as a factor behind the UK's unprecedentedly high and sustained economic growth since 1981. But the biggest economic success story of the 1980s is to be found at the other end of the Eurasian land mass, in Japan. Yet there are few places in the world where shareholders count for less.

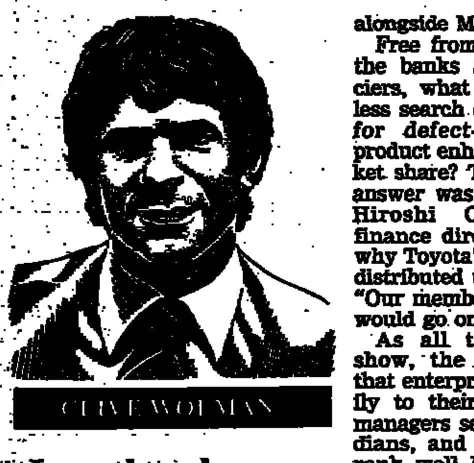
Japanese companies pay a tiny proportion of their cash generated in dividends, ignoring the rumblings of the big life insurers. Independent non-executive directors representing outside shareholders are almost unheard-of. And asking awkward questions at shareholder meetings attracts the attentions of the *sokaiya* gangsters hired by companies to ensure a swift conclusion to these gatherings.

Hostile takeover bids remain blocked by the crossholdings companies have built up in one another. And any shareholder who becomes too large and aggressive will have his holding bought out or diluted away.

Those who accuse UK investors of short-termism claim that Japanese companies benefit from the long-term commitment and influence of their financiers, in particular the banks and other members of their *keiretsu* groupings.

But the influence of the banks on most large Japanese companies has been waning steadily, and not only because they have been forced to cut their equity stakes in client companies.

From the high borrowings in the 1950s and 1960s, Japanese companies' average ratio of debt to equity has now fallen to well below that in the UK or US, at least if you look at the market price of their share and landholdings rather than the historic acquisition costs. And a growing amount of the outstanding debt is being raised through convertible and warrant bond issues. As a result,



CLIVE WOLMAN

Japan has shown that it's dangerous to associate economic success with the 1980s' free-market cult of shareholder sovereignty

Japanese banks are falling over each other as much as Western banks to offer new services to their cash-rich corporate clients.

Compared with the trillions of yen in liquid reserves held by companies like Toyota and Matsushita, the much publicised cash "mountain" of our own GEC looks about as imposing as Parliament Hill alongside Mount Fuji.

Free from the disciplines of the banks and outside financiers, what drives the relentless search of these companies for *defect-free* production, product enhancement and market share? The most revealing answer was given recently by Hiroshi Okuda, Toyota's finance director, when asked why Toyota's cash could not be distributed to its shareholders: "Our members (i.e. employees) would go on strike."

As all the opinion polls show, the Japanese believe that enterprises belong primarily to their work force, that managers serve as their custodians, and that shareholders rank well behind. When top managers are dismissed, the responsibility more often lies with the employees than the shareholders. Few Japanese companies have employee share schemes because share ownership is superfluous.

These differences mean that Japanese companies put more emphasis on sales and market share than profits. Nissan and Toyota managers - and employees - pay obsessive attention to the monthly figures on their relative market shares just as US fund managers, in their supposedly short-term way, focus on quarterly profits.

But such pressures do not appear to have forced most Japanese companies to pursue profitless growth. Since 1950, shareholders in Japanese companies have achieved far higher returns than anywhere else in spite of their lowly status - or perhaps because of it.

It is not easy to pinpoint what has created such strong employee identification and motivation, let alone whether it can be transferred to the West. The communal singing of company songs is unlikely to go down well on the early morning shift at Ford's Dagenham assembly plant, while the Japanese practices of life-time employment, job rotation, widespread training in engineering skills, quality control circles and single company unions are all so interlinked as to make any one difficult to apply in isolation.

What is clear is that the Japanese have been better off without elevating the anonymous shareholder to the status of ultimate beneficiary of all corporate endeavour.

In the UK, the threat of hostile takeover bids has proved one way of shaking managers out of the endemic complacency of Britain's first post-war decades. But many enterprises, such as building societies and mutual insurers, have still achieved high levels of efficiency and service without any shareholder pressures on them.

The cult of shareholder sovereignty may now be seducing even building societies. But, in the long-term, it will probably be seen more as a symbol of the spirit of the 1980s than the force behind a revolution of business organisation.

CONTENTS

MARKETS

FINANCE & THE FAMILY: THIS WEEK

Touche yields to pressure

Investors in Touche Remnant unit trusts, and the corresponding shareholders in the group's investment trusts, learned last week of the unquoted fund management company's change of ownership. It can hardly have come as a surprise, as the possibility that the group would give up its fight for independence has been on the cards for some time. **Nikki Tait** spells out the reasons for the change. **Page III**

More to follow the Abbey road?

Today is the closing day for postal votes in the Abbey National ballot on whether or not to proceed with a stock *market flotation. However, as* **David Barchard** *reports*, for members of other building societies which have been following the Abbey road with interest, the debate might only now be opening. **Page V**

What to do when lost for credit

Have you ever reached into a jacket pocket for your credit cards and felt that sinking feeling? **David Barchard** reports on the plusses and minuses of the one-call companies set up to take the pain out of losing your flexible friends. **Page VI**

Day of reckoning for BES

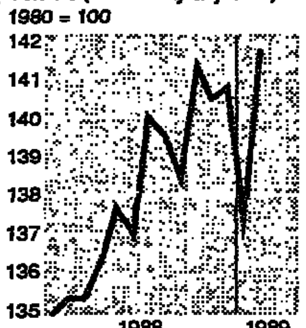
The day of reckoning is approaching for the earliest participants in the Business Expansion Scheme. The five-year qualifying period, over which shares must be held to qualify for tax relief, is expiring for a number of *companies, and many shareholders will be looking for a* chance to sell. This means that the performance of sponsors, funds and companies will be under the spotlight - and not before time, says **Heather Farmbrough**. **Page VI**

■ **Expatriates: Avoid double trouble: Page VI**

■ **Briefcase: Your problems answered: Page VI**

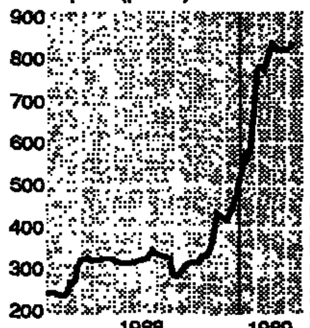
UK retail sales

Volume (seasonally adjusted) 1980 = 100



Eurotunnel

Share price (pence)



Jump in retail sales figures

The Government's success in slowing down consumer spending looked less certain this week as retail sales figures for February released on Monday showed a strong jump. February's sales were well up on January's figure and were 9 per cent higher than the corresponding period in 1988, on a non-seasonally adjusted basis. So far this year, the value of sales has been 7 per cent higher than in the first two months of 1988. In the three months from December to February, the level of sales was the same as over the previous three months, although it was still 4 per cent above those in the corresponding period in the previous year. However, recent movements in retail sales figures have been erratic and appear to be distorted by the mild weather up until this week. *Heather Farmbrough*

Eurotunnel finds favour

Eurotunnel shares rose earlier this week as details were announced of a new agreement with contractors and news that progress digging the tunnel has improved since last summer. This could mean that the tunnel will be finished just one month after the original date proposed, rather than later as was previously feared. If contractors meet revised production targets and a new completion date of *June 15 1993, Eurotunnel will pay bonuses which could* cost it an additional £160m. Alistair Morton, British chairman of Eurotunnel, said that 8km had been dug in the first three months, compared with just over 7km for the whole of last year. By Friday, the shares had slipped back in a dull market to just above their value at the beginning of the week. *H F*

Independent taxation guide

Nearly 1m more tax returns than usual are being sent out by the Inland Revenue in preparation for the introduction of independent taxation for married couples from April next year. The extra returns, which will go mainly to married man aged 65 and over, will help the Revenue divide married couples' income and tax relief in time for the start of independent taxation. It is estimated that over 200,000 elderly married couples will no longer be liable to pay tax *under the new system. A special series of articles* explaining how independent taxation will work, and how to make the most of the new system, will start in the Weekend FT next week. *John Edwards*

Growth in consumer credit

Consumer credit figures released this week show continuing growth. The amount advanced in February rose by a seasonally *adjusted £264m in February, compared* with £224m in January. *The figures cover bank credit cards and agreements with retailers,* building societies and finance houses. In the three months to February, the amount outstanding rose by £783m, *down from £854m in the preceding three month period* and the smallest quarterly rise since the last quarter of 1986, which suggests consumers are less anxious to get credit. *H F*

LONDON

Hard questions remain for nervous brokers

MIKHAIL Gorbachev's visit to the Guildhall in the heart of London's Square Mile yesterday was but one of many distractions faced by City stockbrokers over the course of the week.

Earlier, the hubbub over House of Fraser and Harrods *spilled out of the pages of the* Observer newspaper into the Houses of Parliament. There was a tube strike, a blizzard and – in a real throwback to mid-70s industrial strife – there was even talk of a dock strike.

Despite this array of diver*sions, the London stock market* remained wholly preoccupied with the state of the UK economy. Nervously, brokers asked themselves the perennial questions: is the UK heading for a "soft" or "hard" landing in the aftermath of the 1987-88 boom? Given the enormous balance of *payment's deficit, will the Gov*ernment be able to maintain confidence in sterling? Will inflation and consumer spending be reined in only by yet another rise in interest rates?

There were no obvious answers this week, and the tone of the markets was set by rumour and punditry. Sterling faltered on Monday – dropping 2¼ pfennigs against the D-Mark – before recovering on Tuesday as the Chancellor intervened from Washington to say that interest rates could be used to defend the pound.

Shares seemed indifferent to Nigel Lawson's remarks, doing little more than bob up and down within a narrow trading range – until Thursday, that is, when a bearish broker's circular and talk of programme selling helped drive the FT-SE *100 index distinctly down*wards.

That index fell by 32.5 points over two days. The culprit on Thursday – when Footsie tumbled by 25.7 points to 2052.5 – was a bulletin from UBS Phillips & Drew which dared call the turn on the economy.

"HARD LANDING," the circular was ominously headlined. "We have shifted our recommendation on the British economy from 'hold' to 'sell'." It went on to forecast that GDP growth, not including oil, would fall dramatically from 3¼ per cent this year to 1¼ per cent in 1990. Inflation would peak at 8 per cent this summer, before getting "stuck on a 6 per cent norm" thereafter. In short, the economy was set to enter a period of "stagflation," when stagnant growth combines with rampant inflation.

Other securities houses were not so bearish. S.G. Warburg Securities, for one, was still confidently predicting a soft landing, with growth slowing gently from 2.5 to 2 per cent over the two years. Moreover, Warburgs say that a rise in *base rates to 14 per cent is* more or less "in the price" – pointing to the market's resilience yesterday when, after an 24.8 tumble in the first half hour, the FT-SE pulled itself back to close down only 6.8 at 2,045.9.

Whatever the macro-argu*ments, those companies report*ing their 1988 figures this week showed – in the main – no *signs of an earnings slow*down. Pearson Group, for one, among other things a maker of fine china and proprietor of the Financial Times, announced pre-tax profits up 31 per cent to £198.9m; Sun Alliance proved itself the UK's most profitable insurance company with prof*its more than doubled to* £372.4m; mustard to Dettol group Reckitt & Colman reported a keen 14 per cent advance to £191.2m.

British & Commonwealth, a pre-crash wonder stock now tarred with the financial services brush, delivered a 6 per cent *fall* in its profits. Good results from Guinness – a 28 per cent advance – were somewhat eclipsed by a complex and glamorous deal by which the drinks giant took a 16.8 per cent stake in Christian Dior, the haute couture and accessories house. The deal enabled Guinness to take its holding in the Moet Hennessy-Louis Vuitton group from 19.8 to 24 per cent.

This was not the only "trans-Manche" activity to be seen this week. Société Générale, the giant, recently privatised French bank, stepped in to end uncertainty over the fate of Touche Remnant, making an agreed £50m bid for the unquoted former titan of the UK investment management industry.

Stockbrokers were uncertain how to react to Robert Maxwell's public musings on future developments within his publishing empire. Reporting a 17 per cent fall in 1988 earnings at Maxwell Communication Corporation, he said that he had revived plans to float the Mirror Group of newspapers on the stock market.

Taken much more seriously was the weekend announcement that Beecham Group, the UK drug and consumer products company, was in talks *with SmithKline Beckman, the* US drugs company, over a merger. Such a deal would create *one* of the largest pharmaceutical and healthcare companies in the world.

Elsewhere, two former heroes of the investing public made their exit from the market – but Tony Berry of Blue Arrow and David Thompson, co-founder of Hillsdown Holdings, did so in rather different ways. The ever-discreet Thompson placed his remaining 14.5 per cent holding in the food and furniture group – netting a modest £154m – and announced his retirement from his post as a non-executive director.

By contrast, Berry – who in pre-crash days built Blue Arrow into the world's largest *employment* agency – quit his post as chairman on Tuesday just as the Blue Arrow saga entered a new stormy phase. The day before, at the company's annual general meeting, shareholders were made aware of a mysterious £25m loan. Blue Arrow said only that the recoverability of the loan was being reviewed; no other details were forthcoming, despite persistent questioning from shareholders such as Michael Ashcroft, whose ADT group holds a 5 per cent stake in the company.

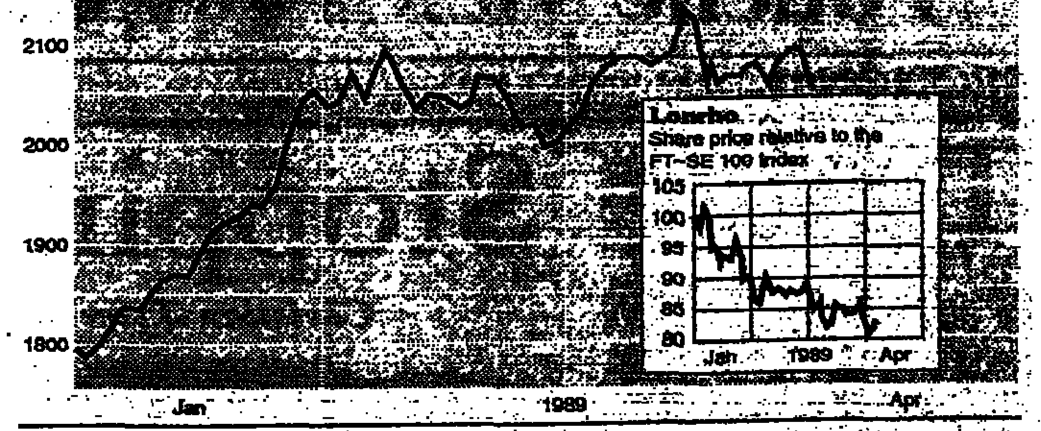
Lonrho – the international mining trading and hotels group headed by "Tiny" Rowland – successfully managed to propel the House of Fraser affair into the political domain. Irrespective of the public interest grounds for the campaign – which has cost Lonrho tens of millions of pounds – Lonrho's shareholders may be doubtful over whether to share their board's sense of triumph over recent developments.

Lonrho's shares have fallen 20 per cent against the market this year. The fact is that the sound and fury over Harrods signifies nothing for the share price now – what happens to Alan Bond's 19.8 per cent stake is much more important. The Antipodean investor has yet to find a buyer.

David Waller

The tone of the markets was set by rumour and punditry . . . shares doing little more than bob up and down within a narrow trading range — until, Thursday, when they moved distinctly downwards

FT-SE 100 Index



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1989 High	1989 Low	
FT Ord Index	1683.0	-24.9	1761.1	1447.8	Sterling/interest rate uncertainty.
AB Electronic	387	-57	446	364	Profits warning.
African Lakes	95	+20	110	66	Impressive annual results.
Aran Energy	77½	+7½	79½	56½	Royalty interest in gas find.
Carlton Comms.	866	-33	912	662	Advised switch to Rank Organisation.
Enterprise Oil	507	-23	568	418	Pre-emption rights worries.
Havelock Europa	128	-67	202	118	Profits warning.
Jaguar	300	-22	337	264	Sterling/dock strike worries.
Kingston Oil & Gas	93	+27	96	55	Hoare Govett "strong buy".
Lec Refrigeration	313	-20	361	303	First quarter fall in turnover.
Meldrum Inv. Tst.	165	+22	167	126	Reconstruction proposals.
Merlin Int.	103	-40	148	101	£2.5m loss and Australian disposals.
Reed Executive	95	-38	141	87	Profits warning.
Rosehaugh	645	-55	709	483	Olympia & Yorks bid hopes fade.
Storehouse	169	-13½	198	163	Profit-taking on lack of bid news.

WALL STREET

US wakes up to stagflation

FINALLY, it's official: "Analysts Say March Jobs Report Shows Signs of 'Stagflation'" the Dow Jones newswire declared yesterday. The stagflation comes as no surprise to anyone who has been following economic and political developments in the US over the past year or so. What matters is that Wall Street is finally beginning to recognise that gradually accelerating inflation can coincide with gradually decelerating economic growth.

As a result, investors are moving gingerly towards the most likely conclusion: that the first few years of the next decade may turn out to be less like the blissful early 1960s or the cataclysmic early 1930s, than the muddled, unsettling period that started with the mild recession of 1969-70 and reached its cathartic climax with the energy, currency and inflation crises of 1973.

The evidence of this change in perspective comes not just from analysts, but more importantly, from feverish *shifts in investor behaviour.* In January, the theme was upbeat – steady growth, political stability and a robust dollar. In mid-February the focus switched to paranoia about inflation. In March it was monetary policy, with market sentiment shifting in line with the latest rumours from the Federal Reserve Board.

Now the economy has slowed and further monetary tightening seems out of the question, the stock market is caught up with a new anxiety – that profits in many industrial sectors will be hurt by slowing economic growth. Leadership among the industry *groups on the market has* shifted profoundly in the past few weeks.

Among the 101 Dow Jones industry groups and subgroups tracked by Shearson Lehman Hutton, 35 reached new post-crash highs during March. Almost all were in the energy, consumer, healthcare and financial sectors. Mean*while, the 42 equity sectors* that declined in March were concentrated in manufacturing and services to manufacturers.

This pattern seems, at first sight, to embody a clear and reasonable message. The stock market is, indeed, anticipating stagflation. The slowdown in growth will tend to favour staple industries such as food, drinks, tobacco, insurance, banking and healthcare, all of which have attained new post-crash highs in the past few weeks. Inflation should actually benefit the energy and coal producers, which have also reached new peaks recently, and may eventually even help the oil service businesses, which were among last month's biggest gainers although their stock prices still stand somewhat below the levels of spring of last year.

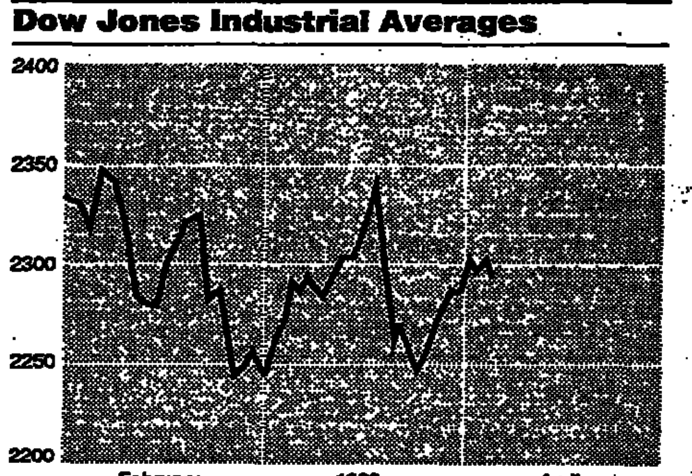
There are, however, at least two sets of paradoxes in the stock market's reading of the stagflation outlook, and these should create both risks and opportunities for investors if *US economic prospects become* clearer in the weeks ahead.

The first anomaly is purely internal to the stock market. In the midst of their revived love affair with supposedly stable, non-manufacturing industries, investors have also been swept away by some notoriously cyclical and risky businesses. Airlines, advertising, entertainment and media stocks, textiles, speciality retailers and real estate stocks have all risen recently to new *post-crash highs.*

The second anomaly concerns international economic policy. Effectively, Wall Street is saying that current conditions favour a major shift in the US economy from manufacturing to service activities. The March employment data published *yesterday* showed that job growth has been concentrated entirely in the service industries, confirming that this shift is already well under way.

Thus far, the stock market's perception has been spot on, therefore. The trouble is that this kind of shift cannot be allowed to continue unless policymakers are prepared to abandon all hope of correcting the immense trade imbalances between the US and the rest of the world. If the manufactur*ing sector is now flagging, it* will have to be revived by a shift in policy, and the only such policy available is a devaluation of the dollar. That, in turn, will lead to more inflation and ultimately necessitate a further monetary tightening to keep the economy from overheating. Such ratcheting through higher interest rates and gradually accelerating inflation may not be pleasant, but policymakers are likely to opt for this kind of stagflation, if the alternative is to decimate US manufacturing industry for the second time in a decade.

Dow Jones Industrial Averages



Monday	2,304.60	+ 11.16
Tuesday	2,298.20	− 6.60
Wednesday	2,304.88	+ 6.66
Thursday	2,291.97	− 12.88

Anatole Kaletsky

JUNIOR MARKETS

Accounting for errors

IN THE shifting and sentiment-driven world of investment, the arid calculations of accountants rank as one of the few sources of certainty. Yet recently, some investors may have felt that confidence undermined by a spate of accounting errors.

Berry, Birch & Noble, the loss-making financial services group, recently announced that errors in accounting for stocks and work-in-progress appeared to have caused a misstatement *of* the group's interim results. A fortnight ago, Sharp & Law, the shopfitting group, had to restate its 1987 pre-tax profits to about a third of its former value of £1.21m because some *payments on contracts* had been double-counted.

But perhaps the most dramatic accounting errors were unearthed at Moss Trust, the Yorkshire-based advertising agency, the shares of which were suspended on Wednesday.

The problems at Moss Trust first emerged when it was forced to adjourn its annual meeting at the beginning of February. That followed pressure from a minority shareholder which had unearthed an accounting inaccuracy. An investigation was instigated, which centred on the treatment of costs incurred during a US tour last year by the *Royal Scots Dragoon Guards.*

The losses on this whisky promotion tour were, it seems, incorrectly treated as deferred project expenditure and thus as an asset in last years accounts. They have now been written off, revealing that last year's meagre profit should have been a loss.

Moss Trust had, in fact, fallen from grace in the City long before this latest embarrassment. Its chequered profits record of the past three years has been accompanied by dismal share price performance, which sank from a placing price of 105p to a low of 38p when the accounting difficulties were first revealed.

Now shareholders are suffering a further frustration – the inability to trade their shares, which were suspended at 35p. The suspension will last for several months. This was forced on the company because it was clear that it would not publish its revised results within the six months of its year end, as required by Stock Exchange rules.

This is a consequence of its decision to change its year end from August to March, to give shareholders the earliest possible view of the current state of the group. Coopers & Lybrand, its new auditors, advised it that it could not release the 1988 accounts without the 1989 results.

Such far-reaching errors are comparatively rare, but *accounting problems are a* fairly frequent headache for USM companies. The problem is that *fast-expanding tiddlers* more often lack thorough financial controls than do larger, more established groups.

Vanessa Houlder

Shares turn sour, but B&C bigshot rides the storm

ON OCTOBER 15 1985, the London stock market greeted the appointment of John Gunn to the board of British & Commonwealth Shipping (as it was then called) by lifting its shares 14p to 310p. A year *later, his ascension to chief* executive brought a 35p advance to 278p.

Gunn had made his name as leader of the dynamic team which created Exco, the first moneybroker to apply the full force of emerging technology. B&C snapped him up a month after he quit Exco. His arrival was hailed as a new dawn.

After 2½ years with Gunn at the helm, B&C has been transformed. From a passively managed investment holding group dominated by the Cayzer family, whose shipping interests had formed the original core of the company, B&C has become a financial services conglomerate run by Gunn and a new generation of managers.

In addition to Exco, which B&C took over after Gunn became chief executive, the group has moved boldly into financial sectors such as computer leasing and merchant banking, professional services including estate agency, mort*gage and insurance broking,* and strengthened its fund-management side through the addition of Oppenheimer in the US to Britain's Gartmore.

The Cayzers' old broadly based investment philosophy was discarded – B&C grouped the commercial and service companies into Bricom and sold them to management last year. The Cayzer holding, through Caledonia Investments, was reduced to a insignificant minority, and the last family member left the board. Gunn stepped up to chairman. Meritocrats had taken over from aristocrats, and the City applauded every step.

B&C's shares, however, ended this week at 206p, less than half the peak of 567p in July 1987, and about two thirds the price when Gunn joined. Since the crash, B&C has been one of London's worst performing shares, and has been relegated from the FTSE-100.

At first glance, this might seem another case of comeuppance for the cult of personality. However, although there is deep disenchantment with B&C's performance, so far this has *not rubbed off on Gunn's* reputation.

Reporting a 13 per cent rise in operating profits to £167.4m for 1988, but a 6 per cent decline after amortisation of goodwill, Gunn this week complained that B&C's financial services businesses were suffering from "deregulation on the large scale and reregulation on the small scale."

Even though B&C has steered clear of shoals such as equity market-making (apart from Bristol stockbroker Stock Beech), its wide spread of activities means that almost any bad news in financial services can find an echo in B&C. Higher interest rates and less active markets have hurt across the board.

British & Commonwealth Holdings

John Gunn, chairman of B&C

Gunn's prowess as a dealmaker also took a knock with the 1987 takeover of Mercantile House Holdings, another financial supermarket. The pre-crash timing was bad enough, but the protracted row with Quadrex Holdings over the disposal of two broking subsidiaries has been damaging.

One of the closest B&C watchers in the City – and one who is not yet tempted to call the bottom of the shares' underperformance – is John Wriglesworth of UBS Phillips & Drew. For 1989, he is willing to stretch his profit forecast (before amortisation) to £177m, only with the benefit of a sizeble slug of realised development-capital investments.

He says, however: "Potentially, it's a very lucrative investment. We've just got to get the timing right. I think it's too soon yet." A sustained fall in interest rates could do the trick, Wriglesworth thinks. "There'll be a day when John Gunn returns. When B&C is cleared for take-off, it's going to shoot through the skies like nothing anyone has seen." Any further shock which took the shares below 200p, he adds, should be a signal to buy.

The B&C saga teaches another useful lesson. In the summer of 1987, B&C's agreement to buy back 90m shares from Caledonia was interpreted as a brilliant final break with the cautious Cayzer inheritance. Looking back, it appears rather different.

The striking price for the buy-back was 475p per share. Although Caledonia got only £100m cash up front, the dividends rise on each tranche of the £327m in preference shares made up the rest of the consideration.

By last summer, Lord Cayzer had been proved correct when he told Caledonia shareholders: "Our philosophy of maintaining a broad spread of interests without over-dependence on any one sector, which had previously been mirrored by the range of holdings within B&C, *no longer applied given B&C's* decision to concentrate on financial services."

Since the buy-back, Caledonia shares have out-performed B&C's by more than 100 per cent. "Hotch-potch" the investment style may be, but there is something to be said for watching old money.

Clay Harris

Nikki Tait explains the background to a change of ownership

Touche yields to pressure

SOME 60,000 investors in Touche Remnant unit trusts, and the corresponding shareholders in the group's investment trusts, should not have been too surprised to learn about the unquoted fund management company's change of ownership last week.

The possibility that the group - hitherto owned predominantly by the investment trusts which it manages - would give up its fight for independence has been on the cards for some time.

The problem has been painfully obvious. The investment trust sector has seen a fair level of corporate activity of late, and a number of the Touche Remnant trusts have proved vulnerable. Although other trusts in the stable have a pre-emptive right to buy out any holdings in the management company itself when reorganisation takes place, these waves of corporate pressure have resulted in the holdings becoming concentrated in fewer and fewer hands.

Moreover, as Touche admits, this fairly rentless pressure has resulted in considerable speculation about the group's future. This, in turn, has scarcely helped it to win new business.

Matters came to something of a head when TR Industrial & General, the largest Touche Remnant trust and owner of over 25 per cent of the fund management group's shares, was taken over by the British Coal Pension Funds last autumn. Phoenix Securities, the Morgan Grenfell subsidiary which specialises in deals within the financial services sector, was called in to examine the shareholding structure.

But now that France's largest private banking group, Societé Generale, has emerged as Touche's new parent by way of an agreed £50m cash offer, what difference will this actually make to investors with the fund management company?

Perhaps the question should be looked at from two slightly different viewpoints. For unitholders, the principal questions concern the continuity of fund management and any prospective changes to fees/charges on the trusts. For investment trust-holders, there is the added consideration of how the deal has already affected their trusts and whether it reflects on the likelihood of corporate action in the future.

To an extent, the first issues are unanswerable at this stage and will remain so until the day-to-day impact of the new owners becomes clear. Nevertheless, Touche itself is confident that the deal should not be disruptive; rather, it argues that the French offer was the best from a continuity viewpoint.

There will not, it says, be alterations in the day-to-day running of its funds and - since the French are buying Touche for its equity market expertise - it seems unlikely that SocGen would wish to impose changes on this front. As far as employee incentives are concerned, early exercise of the existing options is envisaged. But Touche adds that the plan is to offer a new replacement scheme for staff. Moreover, the group maintains firmly that the level of charges on the unit trusts - a 1.5 per cent front-end charge is the norm - is not expected to increase.

From the investment trust shareholders' viewpoint, there are some more tangible considerations. For a start, there is the price at which the deal was struck. All six trusts show an uplift in net asset value as a result - ranging from 0.98p a share at TR Property Investment Trust to 6.18p a share at TR Technology - and last week prices nudged higher on the news.

Analysts - struggling with limited information given Touche's unquoted status - had few grouses. True, as a percentage of funds under management - £2.77bn - the price looks low in comparison with recent deals, and Touche does have a net £10m in its balance sheet. Nevertheless, the pundits point to the composition of those funds - in particular, the fact that investment trusts, which may still be vulnerable, account for £1.18bn. and that relatively low-margin institutional money comprises another £1.24bn. Units trusts and private clients are just £355m.

Lord Remnant, Touche's head

That raises the other issue for investment trust shareholders: the possibility of continued corporate action. In practice, it is hard to see that last week's deal makes much difference, however much Touche Remnant might hope so. One trust - TR Australia - looks particularly vulnerable given the build-up of a 29 per cent stake by River Plate and General. But if action does roll, at least the implications for the fund managers themselves are no longer so serious.

Cheaper dealing ahead

SMALL INVESTORS should start to be offered cheaper share dealing services as a result of this week's approval by the Stock Exchange of an automated system for settling share bargains and transferring and registering share ownership.

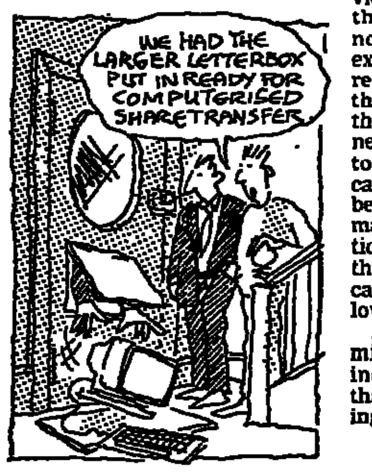
The change will also mean the end of share certificates and no more deeds of transfer to sign when you sell. Instead, you will have to put up with a more prosaic note from your broker saying that he is holding 1,000 British Telecom in your account in his nominee's electronic sub-register.

In theory, that day ought to arrive by the end of next year. But in theory, too, that day ought to have arrived five, if not 15, years ago. What is more likely, however, is that a further round of delays will be imposed by the technical and political objections to the new system, itself a pale reflection of the original proposals for computerisation which were blocked last November.

The Stock Exchange has said it believes the new system can become available by the middle of next year for the largest companies and institutional shareholders. Even on its highly optimistic projections, it will be at least another six months before the first small investors are asked to surrender their share certificates so that their holdings can be recorded officially in the computerised sub-register of their brokers.

These brokers will act as the nominees under the new system. At present, many of the larger stockbroking firms and bank share-dealing services offer to act as nominees for their clients. And many private investors appreciate the convenience of such a service because it means that they no longer have to hold, sign and post back and forth so many pieces of paper.

If the Stock Exchange has its way, such a service will become compulsory in the long term (or, at least, those shareholders who fail to use it will be penalised by high additional charges whenever they want to buy or sell). But those that make use of the service should find that, in the long-term, their stockbroking commissions fall from (typically) £30 or £40 per deal on smaller transactions at present to as little as £15. The total costs to the broker of settling a bargain should fall to well below £10, in contrast to the £30 or more that some brokers claim to be incurring at present.



One unresolved question is who will pick up the bills for running the nominee services. These will have to cover not only maintaining a computerised register but also distributing dividends and company literature to the underlying shareholders and organising rights issues, scrip issues and the casting of votes for shareholder meetings.

At present, these costs generally are borne by the companies, who communicate directly with most of their individual shareholders. However, those shareholders who use nominees are often charged extra, as the nominees are not reimbursed for their costs by the companies whose shares their clients hold. If, under the new system, companies object to paying the nominees to carry out this work on their behalf, individual shareholders may well end up with an additional charge which, except for the more active dealers, could cancel out the benefits of the lower commissions.

All in all, the new system might do less to encourage individual share ownership than the Government is hoping.

Clive Wolman

Rates drop

COMPETITION is hotting-up again in the mortgage market, with many lenders now prepared to provide home loans at well below the bank rate of 13 per cent. Scottish Life Assurance, for example, has reduced its mortgage rate to 12.25 per cent.

Gresham Life has also cut its standard rate by 1 per cent to 12.45 per cent on mortgages taken out until October 1. But this is a maximum, and the rate could be cut in the meantime.

Citibank Mortgage is offering loans with an interest rate "capped" at 12.49 per cent until September; during that period it will not be increased – but it might be lowered.

The company has also introduced a low-cost, interest-only mortgage that does not defer interest by adding it onto the capital.

Instead, convertible term assurance has to be paid as cover for the first five years, after which the loan is converted into a normal mortgage.

Meanwhile, the Prudential has linked up with Credit Agricole, the largest bank in France, to provide a special deal for first-time buyers.

Parents and close family relatives are to be allowed to guarantee to support the part of the loan that exceeds the normal amount that would be made available, based on the principal borrower's income.

* * *

IN BRIEF

YARDLEY, the UK fund management subsidiary of the Hongkong and Shanghai Bank, this week launched a Japanese smaller companies trust.

There is a fixed price of 25p a unit and a bonus allocation of 1 per cent in units until April 20. Minimum investment is £1,000.

The group says the new trust, its 15th, is aimed at capitalising on the recent "dynamic shifts" in the Japanese economy.

* * *

COUNTY NatWest Investment starts dealings on Monday in a Global Exempt trust with an unusual structure. Investors, including expatriates, charities and pension funds, are offered the choice of two classes of unit: a Managed or a Market fund.

The Managed fund leaves asset allocation up to the group's discretion, while the Market fund allows investors to design a portfolio with their own preferred asset allocation.

* * *

IF YOU ARE fed up with collecting and analysing dividend tax vouchers for your tax return, Barclayshare is offering to compile a composite tax voucher for you.

All you need to do is sign the voucher and return it. The service is free of charge to all Barclayshare customers.

* * *

Over the past few weeks, the London Life Association has been making a comparatively low-key return to the market place under the Australian Mutual Provident banner.

Two of the products being promoted are a standard pension contract for job-changers – Pension Safeguard – and a Guaranteed Income plan.

This second contract has been promoted in the media recently, headlining the feature of a guaranteed 10 per cent income over four years.

However, you need to read the small print closely to appreciate that this is not the usual form of a Guaranteed Income bond where you are guaranteed the return of your original capital investment as well as receiving income.

This plan is a combination of two contracts – a life bond and a temporary annuity in a back-to-back arrangement.

The investment outlay is split. One part is used to buy a four-year temporary annuity which provides the guaranteed 10 per cent income net of basic rate tax. The remainder of the investment buys a life bond.

If the underlying fund grows at 10 per cent a year, then, at the end of the four year period the cash-in value would equal the original outlay.

If there is a good investment performance well in excess of the assumed 10 per cent, the investor has the opportunity of supplementing the income by using the 5 per cent withdrawal facility.

The reverse side of the coin is that if the underlying investment performance fails to reach 10 per cent, then there will be a shortfall in the value of the bond after four years to repay the original investment.

This feature is pointed out by London Life in its advertisements but not very prominently, and could easily be overlooked by a reader who could miss the distinction between this Guaranteed Income plan and a Guaranteed Income bond.

* * *

NATIONAL & Provincial has become the latest building society to issue a Visa card.

Cardholders will be able to chose from five different designs including pictures of penguins, balloons and the earth.

The card will carry a low interest rate: 22.8 APR on balances under £1,000 and 21.6 per cent APR on balances above.

Interest will be paid on balances in credit at the same level as National & Provincial's Instant Access account.

Unlike Barclaycard, customers will be allowed to pay by direct debit each month if they so wish.

Now Gartmore aims high

GARTMORE IS the latest group to announce a new high-income investment trust. The Value Investments trust (GVIT), which will be capitalised at £59m, will be one of the highest-yielding equity trusts with a prospective net return of 7.07 per cent.

The managers intend to keep the yield at 150 per cent of the Financial Times Actuaries All Share Index - quite an ambitious target.

GVIT is finding its way to the market in a somewhat complicated way as it will be a reconstruction of an existing investment trust called Meldrum, most of which is owned by British & Commonwealth, Gartmore's parent.

For B&C, it is the most effective way to make some money out of assets that are earning very little at the moment. B&C buys the whole portfolio and then re-launches the trust with a new name and different objectives.

B&C is offering the other 25 per cent of Meldrum's investors the choice of a cash alternative or shares in GVIT. The latter will be 172 ordinary shares and 172 zero dividend shares for every 100 Meldrum shares.

What should Meldrum investors do? The simplest option has to be to take up the cash offer, which seems to be reasonably generous. It works out at about £169 for 100 shares, which is roughly level with net asset value. Considering Meldrum was trading on a 20 per cent discount before the reconstruction was announced, this seems a fair price.

Even if Meldrum investors wish to buy shares in GVIT, Mark Walls at CL-Alexanders Laing & Cruickshank advises investors to take up the cash offer now and wait until the reconstruction is complete to buy shares in the market.

Although Gartmore's high-income trust aims to provide as high a yield as that on the Fleming high income trust, the proportion of convertibles will be lower. In theory, this could mean that capital growth will be better - although much will depend on manager Roger Ward.

To add to the confusion, the trust is offering the option of taking zero dividend shares relying on capital growth as an attraction.

Heather Farmbrough

FINANCE & THE FAMILY

The Week Ahead

Adding up the winners and losers

INFLATION is going to be a recurring concern next week. Economic news takes in the provisional producer price index numbers on Monday, and the retail prices index on Friday. Companies reporting next week include beneficiaries of price rises and some of their potential victims.

Neil MacKinnon of Chase Investment Bank expects producer prices in March to show a rise of 0.4 per cent, indicating an annual rate of 5.3 per cent. "This is arguably modest," he says, "but since the weakness of the exchange rate is also increasing manufacturers' costs, it also suggests a squeeze on profit margins."

With the RPI, he is looking for an increase of 0.6 per cent, indicating an 8.1 per cent annual rate. "This is the highest since mid-1982 and it is not good news for the market," he says. The inflation rate is expected to diminish later in the year, but Chase expects a 6.6 per cent annual rate by the fourth quarter against the Chancellor's prediction of 5½ per cent.

Meanwhile, the good fortunes of the construction and building industries shows through in the share prices of a clutch of companies due to report next week – not to mention the enthusiastic estimates for their 1988 profits.

Some observers have been waiting to call a peak in the construction cycle for at least 12 months. However, the building team at SBCI Savory Milln has been producing extensive work on the sector for more than 20 years and the sustained enthusiasm of its analysts carries the weight of that commitment.

Adrian Goodall leads for the firm on the larger building materials producers, and will have results from RMC (Wednesday) and Blue Circle Industries (Thursday) under his wing. RMC, the world's largest producer of ready-mixed concrete, has had a tremendous re-rating over the past three years, he notes; it is expected to produce a jump in pre-tax profits from £151m to £209m, but it also has a big DIY and merchanting side for the market to think about.

Blue Circle may be another matter. "The cement industry is pretty unloved and Blue Circle, particularly, is not popular in the City," says Goodall. "But it is extremely well placed to take advantage of world-wide firming of prices following on cement shortages in the US and, now, the UK."

In January, the company put up cement prices for the second time in six months. For the long term, it has 10,000 acres of land surplus to requirements – a problem in the old days, when they were just holes to be filled and landscaped, but a massive landbank now.

David Poole, managing director and chairman-elect of Blue Circle, is expected to report profits £50m higher at £205m before tax for 1988, and Goodall is hoping for £270m to £280m for the current year.

Construction costs have been rising across the board but business has been very good. Yet Goodall's colleague, Howard Proctor, reckons that Taylor Woodrow has probably had the most exciting year in the construction sector for totally different reasons.

P&O bought a near-10 per cent holding in TW between July and September last year, which kept the market excited until it sold in January. Proctor thinks that the P&O incursion forced TW to declare its hand after years of conservative accounting.

He expects Sir Frank Gibb, chairman, to reveal pre-tax profits of £100m for 1988 and says that prospects are still good: the contracting division is seeing rising margins on an order book that is its best for years; the housebuilding and property divisions have both been very buoyant and while that may not be the case in housebuilding today, the company has the cushion there of a very low-cost land-bank.

The firm also expects Costain to turn in a rise from £66m to £87m pre-tax on Thursday after a flat year in 1987; Mowlem to be a little less exciting on Monday with an increase from £50m to £61m, after a £5m (£0.8m) loss at London City Airport; and Higgs & Hill, with its housebuilding emphasis, to report £24m, up from £17m, on Wednesday. At that rate H&H will have doubled its profits in two years.

Top and bottom retailers feature next week. Tesco, one of the UK two largest supermarket chains, brings out its annual figures on Wednesday (two days after Fortnum & Mason); in the middle, on Tuesday, will be preliminary figures from Next, one of the worst performing shares of 1988.

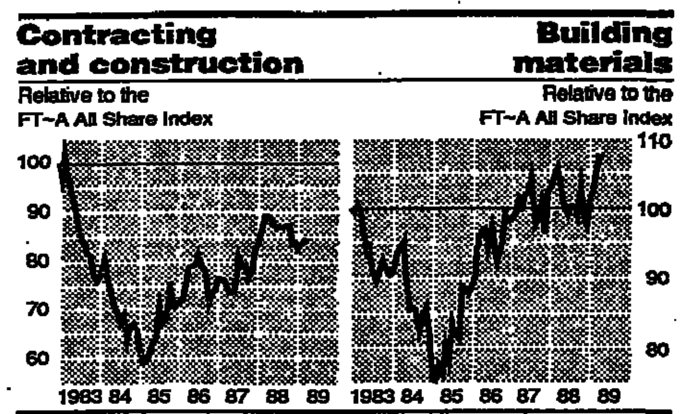
Bill Curry of Hoare Govett thinks Tesco will be at the top end, or better, of a £260m to £268m market range, before tax, and excluding property profits. It made £224m in 1987-88. He thinks that trading should be very strong at the moment, that analysts will be waiting to hear good news of Easter sales performance and that Tesco looks attractive, especially if the economy is coming in for a "hard-ish" landing later this year.

His colleague, Andy Hughes, says that he is at the bottom of the range in expecting £58m before tax from Next against £92m a year ago. The top might be £70m. He says that the company, which fired former chairman George Davies immediately after he forecast significantly lower profits last December, may have encountered further problems, and stock losses, in trying to sell surplus mail order stocks through its stores. Traditional retailers, themselves under pressure, made an early start to their annual sales season.

Other notables of the week include older and newer expressions of the international trading movement, in results from Inchcape on Monday and Polly Peck on Wednesday. Prelims are also due from the Savoy Hotel on Tuesday, Avis Europe, Pearl Group and Foseco on Wednesday, when there will also be an interim report from Smiths Industries.

■ Correction: Last week's note on Maxwell Communication Corporation should have said that MCC acquired Official Airlines Guides from Dun & Bradstreet last year, not Dun & Bradstreet itself.

William Cochrane




David Poole of Blue Circle

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m**	Bidder
	Prices in pence unless otherwise indicated				
Boase Massimi	300*§	310	304	103.05	BDDP
CCA Publ.	135*	134	115	14.80	HTV
Chamberl'n Phipps	200	220	154	75.58	Evode
Chamberl'n Phipps	220*	220	189	81.0	Bowater
Cons Gold Fields	1398§	1398	1456	3.17bn.	Minorco
DDT Grp.	121§	115	112	7.65	Apricot Comp.
DDT Grp.	111	115	110	7.33	Vistec
Delmar Group‡	70*§	70	60	4.93	Bromsgrove Inds.
Jacksons B'ne End	150*§	199	147	12.75	[illegible]
Janler‡	100*§	118	98	4.90	[illegible]
Local London‡	550*	548	494	110.99	Priest, Marians
Magnet	300*	297	289	549.22	DMWSL
Millward Brown	200††	217	208	14.08	WPP Grp.
Piccadilly Rad NV	360§	343	256	28.80	Miss World
Plumb Hldgs.	210*	208	189	26.33	Raine Inds.
Ratcliffe (G.B.)	250*	249	200†	11.74	Severn

*All cash offer.††Cash alternative. ‡Partial bid. §For capital not already held.‡‡Unconditional.**Based on 2.30pm prices 7/4/89.†At suspension. §§Shares and cash.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
African Lakes	Sep	1,370	(830)	14.0	(7.16)	2.0	(1.6)
Alexandra Work.	Jan	6,270	(5,080)	12.5	(10.0)	3.9	(3.2)
American Trust	Jan	4,820	(4,200)	3.92	(3.36)	3.9	(3.4)
Anglo Eastern	Dec	810	(427)	2.5	(1.0)	-	(-)
Arnotts	Jan†	2,770	(2,740)	14.4	(12.5)	12.0	(-)
A B Ports Hldgs	Dec	46,500	(38,115)	36.1	(29.5)	10.0	(7.5)
Assoc. Energy	Sept	147 L	(103)	-	(0.98)	-	(-)
ATA Selection	Dec	944	(861)	5.23	(3.56)	2.14	(1.8)
Avdel	Dec	12,000	(9,100)	6.1	(4.3)	0.6	(1.5)
Baird William	Dec	31,900	(25,700)	25.6	(22.0)	7.65	(6.47)
Belhaven	Dec	8,050	(6,910)	2.91	(2.59)	1.1	(0.76)
Bletchley Motor	Dec	930	(765)	25.4	(23.1)	-	(-)
Boustead	Dec	3,880	(2,020)	3.71	(2.31)	1.1	(0.5)
Brammer	Dec	13,400	(11,500)	20.6	(18.1)	13.0	(12.5)
Bray Tech.	Dec	1,010	(1,200)	11.3	(13.7)	4.4	(3.9)
Britannia Group	Dec	2,440	(2,000)	13.9	(12.9)	4.5	(2.5)
British Alcan	Dec	54,200	(38,100)	-	(-)	-	(-)
British & Common	Dec	122,800	(130,900)	24.0	(21.2)	9.25	(8.0)
British Dredging	Dec	3,080	(1,940)	12.9	(7.32)	6.0	(5.0)
Cambridge Isotope	Nov‡	1,030	(1,300)	0.05	(0.06)	-	(-)
Capital & Region	Dec	1,100	(453)	8.76	(2.75)	0.6	(0.3)
Chartered Trust	Dec	23,500	(18,700)	-	(-)	-	(-)
Cliffords Foods	Dec	6,150	(5,030)	24.4	(20.3)	10.0	(8.8)
Clinton Cards	Dec	2,510	(1,520)	12.8	(8.9)	3.53	(-)
Coates Brothers	Dec	34,900	(21,850)	32.3	(30.7)	8.2	(7.4)
Dagenham Motor	Dec	4,040	(2,260)	19.0	(11.6)	5.0	(-)
Daniels S.	Dec	231 L	(572)	-	(4.72)	2.5	(3.25)
Dewey Warren	Dec	4,080	(29,000L)	4.6	(-)	-	(-)
Dolphin Pack.	Dec‡‡	895	(2,500)	3.33	(9.51)	3.87	(3.2)
Edmond Holdings	Dec	4,890	(1,610)	6.71	(2.18)	1.7	(0.8)
Elys (Wimbledon)	Jan	805	(712)	43.6	(38.7)	13.5	(12.0)
Era Group	Dec	4,600	(5,380)	5.63	(6.82)	2.75	(2.5)
Filofax	Dec	2,720	(2,620)	12.0	(10.7)	3.45	(3.25)
Geers Gross	Dec	479	(3,960 L)	3.17	(-)	1.0	(-)
Gibbs & Dandy	Dec	913	(1,040)	7.8	(7.6)	2.76	(2.6)
Globe & Phoenix	Sept	74	(65 L)	7.4	(-)	1.25	(1.25)
Goal Petroleum	Dec§	1,590	(2,720)	1.61	(2.5)	1.0	(1.0)
Guinness	Dec	521,000	(408,000)	38.5	(30.9)	11.5	(9.2)
Hall R&H	Dec	3,140	(2,720)	14.1	(12.7)	5.0	(4.6)
Headlam Sims	Dec	929	(1,050)	5.92	(7.09)	2.0	(1.0)
Headland Group	Dec●	851	(1,280 L)	2.39	(-)	-	(-)
Hornby Group	Dec	2,400	(1,830)	18.2	(13.8)	5.25	(4.0)
Ibstock Johnsen	Dec	56,810	(35,900)	18.7	(15.3)	5.5	(4.0)
Jacob W&R	Dec	505	(2,620)	1.1	(23.9)	8.8	(8.0)
Jerome S & Sons	Dec	2,410	(2,100)	25.9	(24.1)	7.8	(6.5)
Johnston Group	Dec	8,070	(7,290)	48.0	(42.6)	11.5	(10.0)
Lec Refrigeratn.	Dec	4,500	(3,490)	47.3	(36.1)	14.5	(13.5)
London & Edin.	Dec	50,400	(34,520)	14.9	(11.2)	4.0	(2.0)
London & Manch.	Dec‡	14,640	(12,100)	12.9	(11.2)	10.35	(8.7)
Magnolia Group	Dec	1,470	(1,880)	19.3	(12.2)	5.0	(4.45)
Maxwell Comm.	Dec	180,400	(166,000)	22.1	(25.9)	12.0	(14.0)
Meggitt Holdings	Dec	21,100	(16,300)	10.4	(9.3)	2.75	(2.25)
Metal Closures	Dec	7,640	(6,820)	14.8	(11.8)	8.15	(7.4)
Metsec	Dec	2,780	(2,086)	14.5	(10.3)	3.8	(3.2)
MS Cash & Carry	Dec	1,240	(754)	9.87	(7.24)	4.4	(3.8)
MTM	Dec	6,600	(5,197)	14.5	(11.7)	3.5	(3.0)
Musterlin Group	Dec	1,120	(703)	12.3	(8.65)	4.0	(3.0)
North Brit. Can.	Dec‡‡	616	(553)	9.13	(8.19)	9.0	(8.1)
North Sea & Gen.	Dec	1,290	(2,040)	1.32	(2.65)	1.0	(-)
Ocean Transport	Dec	38,500	(41,200)	22.6	(24.0)	11.88	(10.3)
Oliver George	Dec	7,110	(4,860)	96.7	(62.1)	15.0	(12.5)
Pearson	Dec	196,900	(151,800)	55.7	(46.7)	18.0	(15.0)
Plasmec	Dec	793	(416)	10.5	(6.6)	4.2	(2.8)
Portals Holdings	Dec	23,516	(21,100)	24.1	(23.6)	10.0	(9.1)
Quarto Group	Dec	2,190	(1,360)	14.5	(10.6)	4.125	(3.37)
Queens Moat	Dec	42,200	(24,600)	7.9	(5.47)	2.28	(1.9)
Quicks Group	Dec	3,510	(2,990)	18.6	(19.3)	5.0	(4.0)
Reckitt & Colman	Dec	191,280	(167,800)	80.9	(68.2)	25.5	(21.7)
Record Holdings	Dec	4,010	(3,060)	9.8	(8.0)	3.0	(0.67)
Rockfort	Dec	6,880	(2,670)	16.2	(5.6)	2.6	(-)
Rockwood Hldgs.	Dec	1,900	(1,040)	5.09	(5.02)	0.75	(0.4)
Rodime	Sep‡‡	25,600L	(18,400L)	-	(-)	-	(-)
Severfield Reeve	Dec	1,270	(882)	9.28	(6.92)	2.75	(-)
Silentnight Hldg	Jan	11,100	(8,410)	15.4	(11.6)	7.0	(5.25)
Steetley	Dec	92,600	(66,670)	40.1	(30.1)	11.5	(9.25)
Sun Alliance	Dec	372,400	(171,000)	128	(61.3)	41.0	(31.0)
Swallowfield	Dec	1,920	(1,340)	14.6	(10.2)	3.0	(-)
T&S Stores	Dec	3,040	(2,430)	11.5	(10.4)	2.625	(2.1)
TT Group	Dec	3,580	(1,100)	20.0	(14.1)	6.0	(4.0)
Watts Blake	Dec	7,520	(6,540)	24.7	(21.6)	7.4	(6.15)
Wilkes James	Dec	1,320	(917)	18.4	(14.0)	7.75	(7.05)
Wilson Connolly	Dec	53,000	(37,324)	19.1	(13.5)	3.0	(2.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
AB Electronic Prod.	Dec	7,040	(6,348)	4.0	(3.0)
Alva Investment Tst.	Feb	21	(4 L)	0.5	(1.3)
Baillie Gifford Jap.	Feb	63 L	(150 L)	-	(-)
Barratt Henry	Feb	3,300	(1,380)	1.65	(1.1)
Beckman A	Dec	692	(979)	1.95	(1.95)
China & Eastern Inv.	Jan●●	755‡	(1,240L‡)	-	(-)
Druck Holdings	Dec	1,590	(1,130)	2.5	(2.2)
Kingston Oil & Gas	Dec‡	552	(539)	0.74	(0.69)
Klark-Teknik	Jan	445	(393)	0.5	(0.5)
London & Strathclyde	Feb●●	917	(703)	1.25	(1.1)
Magnetic Materials	Dec	318	(248)	0.9	(0.9)
Shandwick	Jan	5,600	(3,100)	2.67	(2.0)
Ptarmigan Holdings	Dec	142	(98 L)	0.25	(-)
UDO Holdings	Jan	3,220	(2,690)	0.9	(0.72)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.※ after tax profits.‡ US dollars & cents.● last years figures for 9 months.† Irish punts & pence.‡‡ profits - available revenue.●● gross revenue.‡‡ this years figures for 7 months.

RIGHTS ISSUES

Gardiner Group is to raise £9m via a one-for-two rights issue at 45p.
Helton Holdings is to raise £3.6m via a 3-for-10 rights issue at 58p.
Security Services is to raise £51.1m via a two-for-seventeen rights issue at 450p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Perth Group is to join the USM via a placing of 5m shares at 100p.

FINANCE & THE FAMILY

David Barchard examines the prospects for further flotations over the next decade

More societies eye the Abbey road

TODAY IS the closing day for postal votes in the Abbey National ballot on whether or not to go ahead with a stock market flotation. However, for members of other building societies, the flotation debate might only now be opening. If you are an investor who would like to take advantage of the possible windfalls from building society flotations over the next decade, careful thought is needed.

First, how many societies will follow Abbey National down the road to becoming a company – assuming, of course, that Abbey's members have voted to do this? John Wriglesworth, building society analyst at Phillips & Drew, says he thinks about 20 will shed mutual status over the next decade. "I think about six to eight societies will go for an independent flotation," he adds. "Another dozen or so will choose the other route and decide to be incorporated into an existing company."

For both the society and its members, there are important differences between these two options. In the former, the society raises money through a stock market flotation after a ballot in which at least one-fifth of members must have voted, with 75 per cent of those in favour. Absorption into an existing group would involve an outsider buying up the society from its members. The voting hurdle would be much steeper; at least half the members would have to vote, with 75 per cent in favour.

Why should a society's management or members want to be swallowed by a larger group in this way? Patrick Frazer, research director at the Lafferty Group, believes that far from being an unpopular option, it is likely to look increasingly attractive to the more business-like smaller societies if the Abbey National flotation goes through.

Would-be purchasers of building societies - and there are already a large number of them waiting in the wings, including several foreign banks and life assurance groups - would have to offer members a much larger inducement to surrender ownership than the free share issue planned by Abbey National. "Once building society members realise that membership is an asset which can be unlocked, I believe that the mood will alter in favour of conversion," says Frazer.

What about building society executives? A takeover under some circumstances might be more exciting than a merger with another society, argues Frazer. The society would continue as a separate entity but inside a larger financial group and enjoying its resources. It would not disappear, as a merged society does, and its top executives could expect to stay on in their jobs.

So, from the investor's point of view there is a lot to be said for trying to spot the societies now which are likely to convert.

Abbey chairman Sir Campbell Adamson and group chief executive Peter Birch . . . waiting for the voters' decision

Several have said they do not plan to go public in the next year or two, and others can be ruled out as not yet strong enough for the change. The ones to watch are the dynamic, medium-sized societies trying to steal a march on their larger rivals.

The process is likely to proceed fairly slowly, at least initially. Only two UK societies now look as if they may be disposed to follow Abbey National to a flotation: Alliance & Leicester, the fifth-largest, and National & Provincial, the seventh-largest. N&P's whole strategy over the past couple of years seems to be one that leads inexorably to conversion while A&L has also signalled an unmistakeable interest in this course. However, they are bidding for Girobank; if that acquisition goes through, it could take them several years to digest it.

Flotation of both these societies would probably follow the lines of the Abbey National's. They would have to ensure that as many members as possible voted in favour, and would probably follow Abbey in giving a free handout of shares to every saving member qualifying for the vote.

The requirement for qualifying is quite simple. You must have £100 in an account with the society on the date it selects. Of course, this could already have passed; if N&P (for example) were planning a flotation this year, it could well name December 1988 as the qualifying date. The £100 limit would apply to voting in subsequent flotations, but entitlement to benefits could well depend on the amount you have deposited with the society, especially where a takeover is planned. So, while putting £100 with each of the top 25 societies probably would probably bring you some rewards (over a fairly longish period), it might not be the most productive way to place your money.

Takeovers will happen, at least in the first place, to societies which are attractive to potential purchasers. The chief thing they will be looking for is a good customer base along with good management. Only societies with go-ahead managers are likely to come to terms with potential purchasers before conversion becomes a common occurrence. Indeed, there are fairly unmistakeable signs that a number of chief executives have already held discreet talks with insurance companies and foreign banks.

Which societies will look most attractive to outside purchasers over the next five to seven years? Here is one possible list: Cheltenham & Gloucester, Birmingham Midshires, Northern Rock, Yorkshire, Bradford & Bingley, Skipton, and Norwich & Peterborough (a small but exceptionally well-managed society). Eventually, though, it could be that most of the top 25 societies will be up for grabs.

Save time on CGT sums

FROM April 6, it has become easier for people who invest in monthly unit or investment trust savings plans to calculate the capital gains tax due when they sell some of their units.

Up to now, each monthly payment has had to be treated as a separate investment when calculating indexation allowance. This allowance exempts part of a capital gain from tax because it reflects the effects of inflation rather than any real increase in value.

For instance, an investment made in March 1983 has a marginally greater indexation allowance than one made in April of that year, which in turn has a greater allowance than one made in May, and so on. The further back into the past, the greater the allowance for inflation.

These calculations become highly complex: for sales of investments after April 6, therefore, the Inland Revenue is simplifying the scheme.

Investors will be able to add together all investments made under approved schemes during a full year and treat them as though they were made at one go, in the seventh month of the year. The indexation allowance which applies to that month is then used for the calculation.

For sales of investments after April 6, the scheme is being simplified

Any distributions which are re-invested automatically are added to the total investment for the year. Relatively small withdrawals (those of less than a quarter of the total invested during the year) are deducted. Final distributions are paid after the end of the year, so are counted as being received in the following year.

Take an investor who saves £100 a month and who receives a final dividend from the previous year of £25 and an interim dividend in the year in question of £25. The total amount, £1,250, can be treated as invested at one go in July.

This is for a fund with an accounting year which begins in January. If the fund's accounting year starts in, say, March then the seventh month after that is taken.

If the accounting year starts on a later day in a month than the monthly investment day, then the rules differ slightly. Imagine, for instance, that investments are made on the eighth of each month and the fund's accounting year begins on January 20. In this case, the seventh month is August – when the seventh monthly investment is made.

Special rules apply for investments made before 1982 (when indexation was introduced), for the first and last years of an investment, and for one-off extra savings and increases in monthly savings levels. The simplified scheme is optional: investors who want to use it should write to their tax office explaining their position.

Richard Waters

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Accord Publications	Monday	0.8	2.6	0.8
Acorn Computer Group	Wednesday	-	-	-
American Plastic Technologies	Tuesday	-	-	-
Aquascutum Group	Wednesday	1.0	2.0	1.0
Asda Property Holdings	Monday	-	1.0	0.5
Ash & Lacy	Tuesday	12.0	18.0	15.0
Aspen Communications	Thursday	1.6	3.5	2.0
Associated Fisheries	Thursday	1.0	4.0	1.0
Avis Europe	Wednesday	3.8	5.2	4.0
Barr & Wallace Arnold Trust	Tuesday	3.0	8.0	3.5
Beacon Group	Thursday	-	0.5	-
Bentalls	Thursday	0.5	2.65	0.55
Blockleys	Tuesday	2.7	3.8	3.6
Blue Circle Industries	Thursday	5.0	10.0	6.0
Broadcast Communications	Friday	-	-	-
Cannon Street Investments	Wednesday	2.0	4.0	3.0
Chepstow Racecourse	Monday	-	1.0	-
Computer People Group	Monday	1.2	2.4	1.45
Connells Estate Agents	Wednesday	2.5	5.5	3.0
Costain	Thursday	3.65	6.0	4.5
Cussins Property Group	Tuesday	2.8	4.4	3.15
Davis Godfrey Holdings	Thursday	2.1	4.0	2.33
Dewhirst IJ Holdings	Monday	0.24	0.69	0.27
Durham DG Group	Monday	-	-	-
Early's of Witney	Tuesday	0.315	1.0	0.315
Erith	Tuesday	1.0	2.0	1.3
Ex-Lands	Monday	-	0.9	-
F&C Pacific Investment Trust	Friday	0.3	0.78	0.4
Fields Mrs Inc.	Tuesday‡	0.018	0.052	-
Fortnum & Mason	Monday	5.5	30.0	6.0
Foseco	Wednesday	3.5	7.1	4.2
Future Holdings	Friday	2.5	-	2.6
Hay Norman	Wednesday	0.567	3.3	0.65
Helene	Wednesday	0.5	1.13	0.55
Hewden Stuart	Wednesday	0.6	1.44	0.75
Higgs & Hill	Wednesday	3.0	6.0	4.0
Home Counties Newspapers	Monday	2.5	5.0	3.75
Inchcape	Monday	8.5	18.5	2.75
ISA International	Monday	-	0.27	0.45
Jacks William	Wednesday	0.8	0.9	0.9
Lamont Holdings	Monday	2.0	5.0	2.75
Lanca	Monday	-	1.1	0.75
LIT Holdings	Monday	2.7	7.50	2.7
Malaya Group	Wednesday	-	-	-
Martin Albert Holdings	Tuesday	1.4	2.8	1.5
Mclaughlin & Harvey	Thursday	2.5	5.5	3.0
Mecca Leisure Group	Wednesday	1.75	2.75	-
Mowlem John & Co.	Monday	4.75	12.5	5.25
Needler Group	Wednesday‡	-	-	3.0
New London Properties	Thursday	-	-	-
Next	Tuesday	1.5	4.7	2.7
Page Michael Group	Wednesday	-	-	0.5
Pearl Group	Wednesday	5.0	7.5	6.0
Penning Optical	Monday	-	-	-
Pergamon AGB	Monday	1.0	3.0	1.5
PML Group	Friday	-	1.25	-
Polly Peck International	Wednesday	1.46	5.10	2.2
Portmeirion Potteries Hldgs.	Thursday	-	-	2.35
Proudfoot Alexander	Monday	-	2.92	2.0
Rea Brothers	Thursday	0.65	-	0.25
Renaissance Holdings	Monday	-	3.03	1.2
RMC Group	Wednesday	3.5	7.5	4.6
Savoy Hotel	Tuesday	-	5.9	-
Sema Group	Monday	0.72	1.44	-
SMAC Group	Wednesday	-	-	-
Taylor Woodrow	Tuesday	2.5	8.0	3.0
Telfos Holdings	Wednesday	2.0	3.0	3.0
Tesco	Wednesday	1.0	1.65	1.175
Thompson Clive Investments	Tuesday	-	-	-
Tudor	Thursday	1.5	3.5	1.5
Wace Group	Tuesday	1.0	2.0	1.25
INTERIM DIVIDENDS				
Adwest Group	Tuesday	1.015	4.86	-
AMI Healthcare	Thursday	-	3.3	-
Dowding & Mills	Wednesday	0.71	1.29	-
Highland Distilleries	Monday	0.765	2.055	-
Lyles S	Thursday	1.5	2.0	-
Portland Holdings	Tuesday‡	4.5	7.5	-
Smiths Industries	Wednesday	2.25	5.25	-
Wardle Storeys	Tuesday	3.325	8.675	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.‡ US cents

PEP loophole to close

LONDON AND Manchester (Trust Management) thought it had discovered a loophole in the rules restricting the amount that can be invested in overseas markets in a Personal Equity Plan (PEP). Unfortunately, though, it turns out to be only a temporary "window of opportunity," according to John Scott, the investment marketing manager.

Under the new rules announced in the Budget, the unit trust fund in any PEP has to have at least 75 per cent of its holdings in UK shares. This restriction was introduced to offset the fact that the percentage of funds in a PEP that can be put into unit/investment trusts was raised to 50 per cent of the total sum invested, up to a maximum of £2,400. But it means a very high dependence on the London market, since all the direct share purchases – continue to be confined to UK stocks.

London and Manchester hoped that by using its existing Unit Trust of Investment Trusts, investors would be able to obtain double the permitted exposure to overseas markets since investment trusts, which are UK shares, include an additional overseas content in their holdings.

Unfortunately, after checking the small print the company found that this loophole had been anticipated and blocked. So, it is available only during the transitional period until April next year given for PEP managers to change their investment policies in line with the new rules.

However, Scott says his group will give favourable terms to investors using the "window of opportunity" until next year before they are forced to switch into another fund complying with the rules.

Alternatively, London and Manchester's first PEP (called, modestly, Golden Opportunities PEP 1989/90) offers you the choice of two other existing funds: the Income Trust or the General Trust. In keeping with the new-style PEPs, there are no additional charges — just the normal standard unit trust charges of 5 per cent initially and 1 per cent annual.

London & Capital, meanwhile, has launched what it describes as a PEP bond, which works by dividing the total investment made into two elements. One-third is used to purchase a series of guaranteed growth bonds over five years. These mature each year and provide an income which includes a large element of return of capital and, therefore, receives favourable tax treatment.

The other two-thirds is put into a PEP portfolio made up of high-yielding unit trusts and shares. These provide additional (tax-free) income, but the main purpose is to achieve a sufficient rise in the capital value to replace the money spent on purchasing the bonds. Any capital growth in the PEP funds is free of tax.

Scottish Amicable claimed this week that it was the first mutual life company to announce the introduction of a PEP, which will be launched in May, linked to a new unit trust. However, MLA has already introduced a new-style PEP. It is recommending its Income and Growth trusts, but investors are allowed to choose any of the MLA funds. Again there are only standard unit trust charges.

MIM Britannia is offering a 4 per cent discount to any investor switching existing unit trust holdings into its lump sum PEP unit trust, TaxBreak, being launched officially this weekend. The offer is open until May 5.

John Edwards

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*							
Deposit account	4.50	4.60	3.68	monthly	1	-	0-7
High interest cheque	7.60	7.90	6.32	monthly	1	1,000-4,999	0
High interest cheque	8.00	8.30	6.64	monthly	1	5,000-9,999	0
High interest cheque	8.40	8.70	6.96	monthly	1	10,000-49,999	0
High interest cheque	8.80	9.20	7.36	monthly	1	50,000	0
BUILDING SOCIETY†							
Ordinary share	8.00	8.09	4.87	half-yearly	1	1-250,000	0
High interest access	8.00	8.00	6.40	yearly	1	500	0
High interest access	8.25	8.25	6.60	yearly	1	2,000	0
High interest access	8.75	8.75	7.00	yearly	1	5,000	0
High interest access	9.00	9.00	7.20	yearly	1	10,000	0
90-day	9.05	9.25	7.40	half yearly	1	500-9,999	90
90-day	9.50	9.73	7.78	half yearly	1	10,000-24,999	90
90-day	10.00	10.25	8.20	half yearly	1	25,000	90
NATIONAL SAVINGS							
Investment account	10.75	8.06	6.45	yearly	2	5-100,000	1 mth
Income bonds	11.50	9.09	7.28	monthly	2	2,000-100,000	3 mths
Capital bonds	12.00	9.00	7.20	yearly	2	100 min.	3 mths
34th issue‡	7.50	7.50	7.50	not applica	3	25-1,000	8
Yearly plan	7.50	7.50	7.50	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3	-	8
MONEY MARKET ACCOUNT							
Schroder Wagg	8.71	9.10	7.28	monthly	1	2,500	0
Provincial Bank	9.60	10.00	8.00	monthly	1	1,000	0
UK GOVERNMENT STOCKS§							
5pc Treasury 1986-89	10.76	9.47	8.71	half yearly	4	-	0
8pc Treasury 1992	11.06	8.97	7.71	half yearly	4	-	0
10.25pc Exchequer 1995	10.64	7.95	6.40	half yearly	4	-	0
3pc Treasury 1990	9.83	9.04	8.56	half yearly	4	-	0
3pc Treasury 1992	9.06	8.22	7.72	half yearly	4	-	0
Index-linked 2pc1992§§	8.59	8.06	7.77	half yearly	2/4	-	0

*Lloyds Bank.†Halifax 90-day; immediate access for balances over £5,000.‡ Special facility for extra £5,000 §Source:Phillips and Drew. §§Assumes 5.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Ever felt for your credit cards and had a sinking feeling? **David Barchard** finds ways to ease the pain

'One-call' protection plans make the loss of plastic not so drastic

IF YOU have a wallet full of credit cards, you are probably well aware of the perils of losing them and the amount of time it would take to phone each issuer and notify the loss.

Each card issuer will expect you to do this the moment you discover the loss and probably will want you to follow up the phone call with a formal written notification.

Under the Consumer Credit Act, your liability for fraudulent use of the card is limited to £50 before you notify the card issuer and nothing after you have done so. However not so well known is that the Act does not cover all cards.

Gold cards, charge cards, and some debit cards – for instance Switch cards – are not covered. On the other hand the Lloyds Visa Card is covered by the Act because it has an overdraft facility attached. Barclays Connect carries aliability of £25 when lost, but again once you have notified Barclays, your liability ends.

Credit card issuers generally say that even if a card is lost and fraudulently used, they do not normally demand the payment of the first £50 which they are entitled to under the Consumer Credit Act. "We don't make people pay provided that it is genuinely not their fault in any way," says Geraldine Davies at Lloyds. "A lot of people don't even notice when their card is lost, especially if they don't use it often."

However, Joao Ribeiro da Fonseca, general manager of Visa International Europe, says: "You are supposed to notice." It is certainly only prudent to be sure at all times that you know where your cards are and that no-one else can get at them.

Most major plastic card issuers now offer their customers card protection schemes, which undertake to hold details of all your card numbers and ring up the other issuers on your behalf if you lose your cards. Lloyds Bank, for example, operates a scheme called CardWise, while Barclays has Credit Card Sentinel.

There are also some card protection schemes operated by companies independent of the card issuers, for example Card Protection Plan and Credit Card Securities.

Having your card details stored in this way against possible loss sounds like a very good idea. Obviously, if you do lose your cards, it is reassuring to think that the formalities will be handled promptly by specialists.

However, not everyone is happy about card protection schemes. "I think that there are a lot of risks in having

people's key credit card data stored together," says Ian Lindsey, executive director of Save & Prosper, one of the newer Visa issuers. "Personally I think it is very unwise to hand over one's data in this way, and at Save & Prosper we much prefer people to write in confirming the report of their card loss."

The Jack Committee, which reported recently on banking services, also has its doubts. Its report says that the number of card registration agencies is proliferating and that there are no regulatory safeguards. It recommends that card registration services should be licensed by the Office of Fair Trading.

As yet, however, there seem to have been no known cases of a card protection scheme going seriously wrong. What is clear is that the terms the different issuers offer vary widely and that if you have a lot of cards, it would be sensible to go to the one offering you the best deal.

Most card protection schemes will charge an annual fee of around £6 for membership, though some schemes are more expensive. Credit Card Securities, for example, charges £10 if you pay by bankers order and £12 if you pay by cheque. By contrast you can have membership of CardWise for three years for £15 if paid in advance.

Apart from their basic job of notifying other issuers that your cards have been lost, most of the schemes usually offer other attractions, including emergency cash.

Card Protection Plan, Credit Card Sentinel and Diners Club Protection Plus will all supply you with up to £200 in emergency cash, though you may have to pay it back later. CardWise will give you an interest-free loan of up to £500 in an emergency, repayable within 28 days. Most schemes also offer a key retrieval service, should you lose your keys on a key ring issued by them. There are similar services for lost luggage. Other extras may include medical insurance and discounts on car hire.

One important point is whether or not you are allowed to make reverse charge calls to notify the scheme about your loss. Again, there are variations. Credit Card Sentinel and CardWise, for example, accept reverse calls from all over the world, though some groups accept only UK calls.

Card Protection Service and CardWise have a significant advantage over the other schemes: they offer cover of up to £500 for fraudulent use before notification, though not *for cash dispenser cards.*

You can contact CardWise by writing to Lloyds Bank Access and Sentinel by writing to Barclays. Card Protection Plan can be reached on 01 351-4400 and Credit Card Securities on 0249- 655275.

Early-bird BES deals come home to roost

THE DAY OF reckoning is approaching for the earliest participants in the Business Expansion Scheme. The five-year qualifying period, over which shares must be held to qualify for tax relief, is expiring for a number of companies. Many shareholders will now be looking for a chance to sell.

This means the performance of sponsors, funds and companies will be under the spotlight - and not before time. Few investors part with up to £40,000 and then hear so little about how much money they are making, or losing, as do most BES investors.

Why don't they complain? Because, for most, it is tax relief at their highest marginal rate that is the important consideration, rather than underlying investment performance. The high-risk nature of BES investment could also explain why investors appear to have taken an unusually relaxed view.

The failure rate for BES companies was highest in the early years when the scheme was relatively untried and the prime object was to create jobs by using the tax concessions to persuade private investors to back risky ventures.

Up to April 1984 - the end of the first full year for the BES - 288 companies raised a total of £93m through both funds and individual company prospectus issues via the BES and its predecessor, the Business Start-Up Scheme, according to BES Investment Research. Of these, 70 - more than a quarter - failed and 13 were sold at a loss.

Of the 288 companies, investors have been offered a clear exit route to cash-in by only 21. Three have moved on to a stock market listing – one fully listed, one on the USM and another on the Third Market – while 18 have been sold at a profit. This suggests that exit routes are not usually quick or easy to arrange.

Unfortunately, there is little collective data on BES performance, partly because there is no central market in BES shares to value them. It is also difficult to compare performance since few sponsors and funds have been present in the BES market since its conception.

Many of the early sponsors, such as Charterhouse and Guidehouse, have moved away from the BES. David Michaels of Guidehouse, which sponsored the first BES prospectus issue with Electra, says it decided to pull out because "the scheme was becoming purely tax-based. We felt it was wrong to be on our toes looking for the next tax loophole." Since the £500,000 limit was imposed on non-assured tenancies, he says, "the size of prospectus is too small to be worthwhile sponsoring."

The nature of BES investment has changed since 1983. Popular issues in the early days were entrepreneurial trading companies. These gave way to more asset-backed schemes, such as construction and property development, before the introduction of assured tenancies in last year's Budget.

Unfortunately, the market now includes a number of sponsors and funds with little experience of the scheme. Many have been drawn in purely in response to the extension of tax relief to assured tenancy issues.

There are now some 70 sponsors and fund managers. Johnson Fry, the most prolific sponsor, came into the BES field in 1984 and, before assured tenancies were incorporated into the scheme, had raised £130m. Charles Fry says that only two companies it has sponsored have failed, losing a total of £380,000.

What can investors do if they wish to realise their BES investment after five years? Not much, in most cases, although Michaels says: "If people want to buy and sell, we will try to arrange a put-through price for them where possible. Sellers should ring the sponsor, who will see whether any company directors want to buy."

There are still 135 BES companies looking for an exit route on completion of the five-year period. The most likely way is through a trade sale, argues John Harrison of BES Investment Research.

As these companies look for an exit route, investors may notice how few BES companies have taken a stock market listing over the scheme's history. Only six have come to the Third Market, according to accountant Peat Marwick McLintock, and their relatively small size makes them unlikely candidates for other stock markets. In January, there were only seven companies on the main or USM markets.

In many cases, performance is not a black and white matter. Many companies appear to have muddled along and a lot have needed to raise further capital. Unfortunately, it seems that it is only when the five-year holding period is up that shareholders realise that BES investment is about capital appreciation as well as tax relief.

Heather Farmbrough

EXPATRIATES

Double trouble, and how to avoid it

THE UK has double taxation agreements with more than 80 countries including the US, France, Australia, Japan and Switzerland.

Like many other countries, the UK charges tax on income arising within its territory no matter where the recipient lives. It also taxes residents on their income which arises overseas. This all-embracing approach means that income which arises in one country and is received by a resident in another country could be taxed twice.

It can also happen that an individual is technically resident in two countries for tax purposes. If both countries were to charge tax on the world income of their residents, the individual would suffer a double tax penalty on the whole of his income.

Double tax agreements aim to avoid such situations, but their precise terms can vary widely to reflect countries' legal systems and economic structures. For example, only a small minority of the UK's double tax agreements cover Inheritance Tax. This is because practice regarding death duties varies substantially *from one country to* another.

The relief of double taxation is achieved in one of two ways. First, by making sure that income is taxed in only one country, or second, if it is taxed in both countries, by ensuring that the aggregate amount of tax is not greater than the tax which would have been paid in the country with the higher charge to tax.

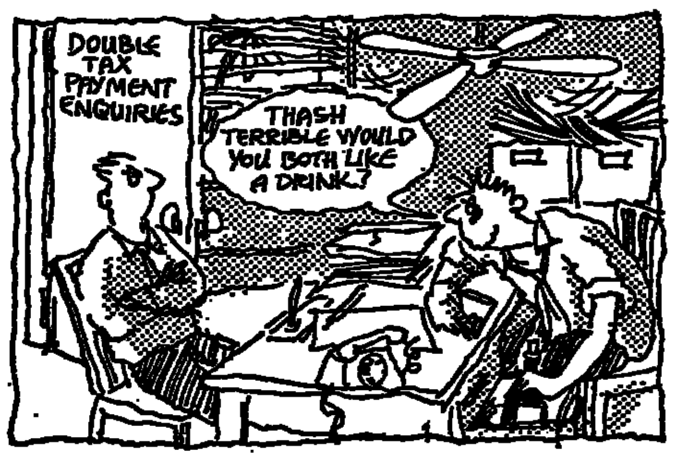
Double taxation agreements sound like a recipe for disagreement over which tax authority gets what from an individual taxpayer. Fortunately most countries recognise the 1977 Organisation of Economic Co-operation and Development model agreement, which sets out a number of tiebreakers that can be used by tax authorities to determine the tax liability of an individual who is technically a resident of two countries.

First, the OECD tiebreaker system looks to see in which country the taxpayer has his permanent home. Inevitably there will be people who have a permanent home in more than one country.

So if the tiebreaker isn't settled on that point, the question is then asked: "Where is the taxpayer's centre of vital interests?" In other words, are his personal and economic relations closer to country A or country B?

If the "centre of vital interests" test fails to settle the *score, the taxpayer is deemed* to be a resident of the country in which he has a so-called habitual abode. If the individual's tax liability is still not determined, nationality becomes the next test.

If he is a national of both



countries, or of neither, the two countries put their heads together and decide on a compromise settlement. Messy though this may sound as a final arbiter, most countries adopt a swings and roundabouts approach.

While the OECD model is a useful framework, it is frequently modified by agreement between individual countries.

Ian Fraser, a partner of chartered accountants Robson Rhodes, warns that behind any double tax agreement there is *a great deal of day-to-day practice* which is not apparent from a reading of the agreement.

The extent of this practice may be a function of the relative friendship between the two countries concerned. Double tax agreements will usually cover areas such as capital gains, directors' fees, interest payments and royalties.

Also covered are pensions and dividend payments. In practice, the tax arrangements for these two forms of payment are likely to be of the greatest interest to British expatriates.

The position on pensions is that, in general, tax is payable in the country of actual residence. There is an exception for government service pensions which are usually taxed by the UK authorities.

So far as dividend payments are concerned, it is usual for the UK tax authorities to withhold a maximum of 15 per cent of the payment.

For example, if a British expatriate resident in Spain owns shares in ICI on which he is entitled to a gross dividend of £1,000, he will actually receive £850. The double taxation agreement between the UK and Spain provides that the 15 per cent UK withholding tax is allowed as a credit against any Spanish tax payable.

For expatriates living in countries with which the UK does not have a double tax agreement – Saudi Arabia is an example – dividend income on UK shares would normally be paid after deduction of an effective 25 per cent withholding tax; the same rate as for UK residents.

At the rarefied level of international tax planning, it is possible to engage in "treaty shopping". This involves a tailor-made restructuring of investments to get the benefit of a more advantageous tax agreement which may exist between country A and country C as compared with country A and country B.

Peter Gartland

Peter Gartland is Editor of The International, the FT's magazine for expatriates.

Life bonds bounce back

THE SAGA of bonds versus unit trusts goes on and on. When it looks as if one side has the upper hand, the Chancellor *of the day steps in and alters* the balance.

Nigel Lawson, the present Chancellor, has carried on this tradition. Until now, his Budget measures have tended to favour unit trusts so that for the majority of investors a unit trust represents a better investment than a life bond.

However, in this year's Budget, Lawson has swung the balance back towards investment bonds by reducing the tax charges on life funds. First, he has cut the Capital Gains Tax charge on the funds from 30 per cent to 25 per cent and, second, is subjecting UK investors to CGT on any switches between sub-funds made in offshore "umbrella" funds.

The first change means that life funds can grow a little faster than at present, because the reserve needed for a CGT liability will be that much smaller. The second action means that Lawson could well have stopped the promotion of offshore umbrella unit trust funds in the UK.

Intermediaries have been quick to seize on this feature by emphasising that life bonds offer a tax-efficient "umbrella portfolio" in that UK investors suffer no immediate CGT or income tax liability when switching funds.

However, the unit trust groups have themselves been throwing away their in-built advantages over bonds by putting up their charges. The norm for unit trust charges is now an initial charge of 5.75 per cent and an annual fund management charge of 1.5 per cent. In contrast, life bonds are still on a 5 per cent initial charge and a 0.75 per cent annual fund management charge. So now supporters of life bonds can justifiably point to tax efficient switching and lower charges when promoting their products.

The investor has to assess whether these two advantages offset the in-built lower investment performance of bonds as a result of having to put reserves aside to cover the CGT liability incurred within the fund.

Previously, under "best advice" principles, unit trusts had to be recommended. But now the situation is much more evenly balanced. It really depends on whether the investor is going to switch funds frequently.

However, Lawson hasn't finished yet. During the next 12 months he intends to review the complete life assurance tax system, including how it affects individual investors. This review might result in the ending of the withdrawal facility on life bonds – altering the balance yet again.

Eric Short

Facts at your fingertips

PEOPLE are constantly being urged to shop around when it comes to financial decisions. But finding the basic information to make the necessary comparisons and pick the best option is often difficult to obtain.

Blay's Guides have come up with one answer to the problem, a publication called *MoneyMaster*, which is contained in a loose-leaf binder that is updated each month. It includes information on different kinds of bank accounts, building society "best buys," mortgages, the cost of gold cards and share dealing commission charges. Useful additional facts and figures include such things as car running costs, the retail price index back to 1974 and the Stock Exchange account calendar for the year.

Annual subscription is £79, but there is an introductory offer price of £59 until May 31. This includes the binder and monthly updates. Blay's Guides are at Churchfield Road, Chalfont St Peter, Buckinghamshire, SL9 9EW.

John Edwards

Old junk is a garden eyesore

An elderly friend is a keen gardener. One of her neighbours has collected an enormous pile of old junk, which is an eyesore and is making my friend very unhappy. The rubbish is visible from parious parts of her property. My friend has been given to understand that nothing can be done.

■ There is nothing that can be done about the situation you describe unless the accumulated rubbish constitutes a hazard to health, in which case your friend might be able to enlist the interest of the local authority's environmental health department.

A cottage for sale

I live in an old semi-detached cottage, the other half of which has been empty for some years. The owner now plans to sell it, and it is likely to be extended. I am concerned that, when eventually occupied by a family, there will be considerable noise nuisance because the party wall only extends to the height of the bedroom ceilings, the loft space being open. Is there any way I can require the purchaser to extend the wall up to the roof, as part of the extension work? The wall might have to have its foundations reinforced to take the extra weight, so the cost is likely to be considerable.

■ You cannot in law require the purchaser (or indeed the present owner) to extend the wall up to the roof. However you can try to ensure that the owner would have some difficulty in failing to inform his purchaser of the problem by writing now to the owner and pointing out the noise nuisance which is bound to arise when both properties are occupied and calling on him to build up the party wall – this is not in the expectation that he must, or will, do so, but to encourage disclosure of the position to his purchaser. At the same time you should consult with your local planning authority and explain that if any plans for an extension were submitted it would be essential for the planning committee to require the party wall to be built up.

Instructions not obeyed

Over a number of years, business and holiday arrangements have required me to write post-dated cheques. The dates have always been underlined clearly and, until this year, the cheques have never been presented earlier.

I have recognised that an occasional error is inevitable and so have never been in a position to be financially embarrassed should one occur. But recently there have been several early encashments and I am now told by the bank manager that post-dating is discouraged by the clearing banks and could be implemented as a rule.

■ There is a divergence between strict legal theory and the day-to-day practice of banks. In law, your direction to the bank on a post-dated cheque requires the drawer's bank not to pay until that date. In practice, banks have difficulty in getting their computers to read the date and take appropriate action – so the instruction is frequently not obeyed.

Daughter's threat

I have a widowed friend whose husband died eight months ago with cancer (a brain tumour) but was still alert and in full control of his faculties until the end. Although being married 18 years, he made a will (with a solicitor present) only just before he died. He left a small bungalow to his wife, and what money he had, the whole estate being worth probably £80,000.

His daughter however, has other ideas, and is threatening *to sue for the bungalow and* proceeds, claiming her father was insane when he signed the will. Who pays for the court case if it comes to the worst? And am I wrong in thinking *that the wife is entitled to the* first £80,000 irrespective of a will being made or not? Surely the daughter is *out* of order in wanting the small bungalow?

■ If the daughter challenges the will and fails, she will have to pay the costs unless she can show that the litigation was caused by the conduct of the testator. The widow is not entitled to the statutory legacy (£75,000) where the estate is disposed-of fully by will.

Landlord problems

I have run a small business as a limited company from premises comprising office and storage on two floors (in a building totalling five floors) as leasehold tenants for the past 28 years. The last ten year lease expired at the end of 1987 and the landlords have steadfastly refused to negotiate a new lease unless I agree to a six month break clause, because they wish to turn my premises into bed-sits. The remainder of the building is residential.

Their first application to the council for planning permission has been refused and I understand they are making a fresh application on revised grounds. When the landlords served Section 25, it was stated they would not oppose a new lease and my solicitor has served all the correct notices necessary to safeguard my position.

Neither my solicitor nor valuer is able to get any joy from the landlords' agents who, I now understand, even ignores their correspondence. My solicitor now feels I have no option but to apply for a court hearing in order to *determine a fair rent and a* reasonable lease before *waiting for the outcome of the* revised planning application.

Under the circumstances, as outlined, do you feel the landlords have any right to continue acting in this manner which, apart from leaving me in a very insecure situation, is having a detrimental effect on my health and business, and should I proceed with the court hearing which will inevitably involve me in considerable extra costs?

■ You certainly should proceed with the application to the court for the grant of a new tenancy. The conduct of your landlord shows that he will not be forthcoming unless you apply pressure to make him *address the issue.* Unfortunately the fact that you have the right to go to the court to fix the rent and other terms of the new lease means that you have no redress against a landlord who refuses to treat with you out of court.

Budget plan rejected

With the recent rises in mortgage interest rates, I was surprised not to be asked to increase my payments. I asked about this and was told the building society was now operating a "budget plan." Despite saying we did not want this type of payment plan four years ago when we took out our mortgage, it appears we have been transferred contrary to our wishes.

The society says we were told of the change, with the option of opting-out, by letter. I have no recollection of this. We now owe an extra £244, increasing each month, which we shall have to pay on selling this house. Do you feel this sort of behaviour is reasonable for a major building society?

■ We share your doubts. If the society is not willing to agree to take you out of its "budget plan," you should consider referring the matter to the building societies ombudsman.

Legacy to 'lost' son

Our younger son, who is living in Australia, has not acknowledged nor replied to any of the letters that my wife and I have sent to him in the past three years, but we have good reason to believe that he is well and successful.

What is the position if we leave him a legacy and, after our deaths, he refuses it or does not acknowledge letters from our executor? Will the executor then be able to increase the share of other legatees?

■ If your son refuses his legacy, there is no problem; the other legacies would augment. But a failure to acknowledge correspondence could prove more difficult. You might be wise to make express provision in your will for the legacy to be payable on condition there is acknowledgment of correspondence from the executor within a stated period (eg. three months) of the executor posting the correspondence.

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

MINDING YOUR OWN BUSINESS

Roy Hodson examines the best ways to keep close track of the financial state of your enterprise

Unravelling those cheques and balances

STRIP AWAY the mystique surrounding the term "balance sheet" and it appears as a relatively limited document. It is, in fact, no more than a snapshot of the financial state of a business at a moment in time.

Anyone running a small business — whether as a sole trader, in partnership, or as a company — will want to examine the figures much more closely, frequently and analytically than the balance sheet can do, and must therefore have an armoury of various forms of financial statement.

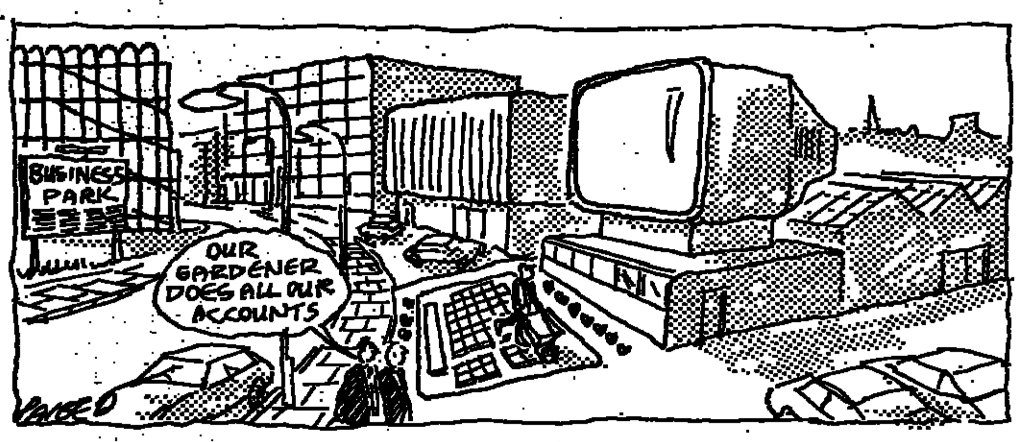
However, to expect your accountant to nurse you to the point of doing everything for you can be the short road to ruin. First, there is the expense. Remember that every minute the accountant works on your books, the meter is ticking. And you will be lucky if the fee is below £40 an hour in a busy urban practice.

It is also a dangerous habit to take the view: "I'm an entrepreneur, my flair is (say) for salesmanship, I'll leave the figures to another expert." To adopt that attitude is, effectively, to delegate your financial management to a third party. You could wake up one day facing the chilling realisation that you have lost control of your own business.

Last week, I discussed the ways in which small businesses are making use of the micro-computer for word processing and correspondence. The best means to keep a strong grip on the financial reins as well is to make sensible use of the machine's formidable accounting power.

By far the quickest way to find your way through the jungle of available software packages for computerised accounting is to have a talk with your accountant. The systems used in the accountancy practice will usually also be available in software package form for an office computer. Something compatible with them will be available for even the most modest desk-top machine.

You will probably be advised by your accountant to buy a spreadsheet programme (such as SuperCalc 5), and a bookkeeping and accounting programme (such as Sage), or a bigger comprehensive programme (such as Pegasus). The total outlay on financial software for a small business is



likely to be between £500-1,000.

The spreadsheet is a wonderful tool for anyone who takes the trouble to set it up properly for a specific business. Imagine a sheet of paper which can be as long and as wide as the office floor. That is what your computer screen can look in upon should you require it.

In practice, the spreadsheet is set up with as many columns filled in with data as you will need. The computer screen can be scrolled across the sheet or up and down like a camera lens to show a small portion of it at any one time.

A typical spreadsheet for a small business would be one set up to show the company's budget. The first columns across the page would show estimated and actual income, month by month, from the start of trading. Beyond those columns, scrolling the screen to the right, you would look at columns showing forecasts of income in the months to come.

The same pattern can be repeated on spreadsheets to show costs (broken down into individual items such as loan repayments, salaries, rent, motor cars, office equipment) and overheads (rates, insurance, repairs to property, lighting and heating, printing and stationary, postage and telephones, entertaining and cleaning).

Setting up spreadsheets is straighforward enough with the help of the clear instructions that come with all the modern programmes. But it can be a long, boring job. Best by far to start as you mean to go on and keep the sheets up to date from Day One of the new business.

The interesting part of spreadsheets is actually using them to find out information and make projections for the future of the business. Information can be added up to a total figure by a simple command — for instance, projected sales revenues for the next two years can be obtained instantly.

Also, a good deal of light can be thrown on the likely pattern of the business by trying variables on the spreadsheet. For instance, you could experiment and see what the "bottom line" of your profits might be in one year's time if sales in Product A increased 10 per cent faster than expected while sales in Product B declined unexpectedly by 2 per cent and salary levels rose 8 per cent higher.

Your accountant will probably want to take you beyond the spreadsheet into the realms of bookkeeping and accounting work on the micro in order to save your money and his time. Those programmes will enable you to make one entry of a piece of information which is then entered into every ledger in your financial system.

Beyond that, the programmes will enable you to handle budgetary control, credit control facilities with statements, and debt-chasing letters.

Do not be put off by the jargon of the computer people. They have become much better at communicating with their customers in plain language, but they still have some way to go. Accept that most manuals are still written in American (ie, "program") rather than English.

A routine to follow

A SUMMARY of a typical monthly routine arranged by an accountant for a client using the Sage software package.

INSTRUCTIONS

Print out the following reports: 1. Sales ledger reports; 2. Purchase ledger reports; 3. Nominal ledger reports; 4. Stock control reports; 5. Management reports.

6. *Check that the accounts are in balance.* Look at the trial balance and examine *debtors' control, creditors'* control, bank account, petty cash control and VAT control.

7. *Write up the cash book* and reconcile to bank statements' balance; 8. Write up petty cash book and agree to cash left in cashbox.

Ask — and ye shall receive

IT IS A mistake to think, as do so many would-be entrepreneurs, that if you plan to set up a small business in the south of England and have raised a bit of capital to help it along, you will be on your own without a helping hand from government.

The experience of Yve Carter, 30, shows that it pays to ask. She has capitalised on her sales and marketing experience in Britain's new computer corridor between London and Bristol by starting a recruitment consultancy in Bristol specialising in finding people with special skills for the information technology industry.

The early life of her one-woman business has been given a useful helping hand by the government-funded Enterprise Allowance Scheme. This is paying her £40 a week for the first year of her new career. The payments started last September when she opened the consultancy in her small town house in Clifton, Bristol, and the money is paid into a business account she opened with the Midland Bank.

To qualify for the scheme, she was required to invest at least £1,000 in her business.

As a small bonus, the scheme also provides her with free banking for the first year. She also had to get an employment trading licence, issued by the Department of Employment under the Employment Agencies Act.

This month, she will have to show the Enterprise Allowance people her books for the first six months of trading. She is proud of the fact that, after starting from cold last September, she has sent out fee invoices for £12,888 for work done during her first half year of trading — and has already been paid all but £3,000 of those earnings. She specifies a commission of usually between 15-18 per cent of the first year's salary for the job filled, to be paid by the employer.

Carter could be termed a child of the south of England computer movement. She was born in Bristol, went to school in Gloucestershire, did an honours degree in economic geography followed by a post-graduate business studies course at Bristol, and soon found herself swept into the computer-based information technology industry as it grew along the M4 and Brunel's great railway line to the West.

By her mid-20s she was selling information systems for Honeywell, and she learned later about recruitment selection with Hay MSL. Last year, she decided to put the two skills together and founded her consultancy, showing great self-confidence that her natural and persuasive style, coupled with the skills she had acquired, would see her through. The business that has emerged offers a specialist recruitment consultancy service that falls somewhere between the standard recruitment agency and the type of head-hunting consultancy which attempts to fill top jobs.

The jobs she is asked to fill by companies — or tries to find for ambitious people in the industry who want to move onwards and upwards — range from salaries of below £20,000 for young computer programmers to packages of salary and commission of up to £50,000 for computer software and hardware salesman.

That is the typical range of pay rather than the total possibilities for reward in England's new Silicon Vale, however. One Bristol-based computer salesman earned himself a cool £250,000 last year by pulling off a deal to sell specialist mainframe computers to one of the clearing banks.

Carter paid £62,000 a few years ago for the house which now also serves as her office. It is located in rambling, narrow Princess Victoria Street in Clifton Village, near the suspension bridge above the Avon Gorge. It was once a small printing works.

The street itself offers a fascinating insight into how the small business movement has prospered in these parts in the past few years. Almost every house is now home to a small business of some kind and residents have dubbed it "the Street of 1,000 Businesses." Consultancies proliferate alongside fashion by mail order, book-binding, two architectural practices, a taxi service and a second-hand clothes shop.

Yve Carter . . . a £40-a-week helping hand from the government-funded Enterprise Allowance Scheme

Carter's part-time secretary took a telephone call as we were talking. A computer manufacturer was looking for salesmen. Could she fill nine vacancies?

With the growing shortage of information technology skills in the south of England, Carter believes she can attain her business plan targets of £40,000 fee income in the first year and double that in the second.

☐ *Carter Cast, Recruitment Consultants, 71A Princess Victoria Street, Clifton, Bristol BS8 4DD (tel. 0272-238-290).*

R. H.

BOOKS

Fresh, clear focus on the Maugham behind the mask

SOME PEOPLE are born to be the subject of biographies; others achieve biographies; yet others have biographies thrust upon them. Somerset Maugham is among the latter. He did not want a biography to be written; his hope was that he would go down for eternity as the impersonal, courteous observer, whose private life was never made public, the urbane mask familiar to readers of his fiction. But, one asks, did Maugham seriously believe that he would get away with that after his death?

Well, he tried hard to cover his tracks. After the Second World War he personally destroyed all unpublished literary material still in his possession. The famous bonfire nights at the Villa Mauresque reduced his secretary, Alan Searle, to tears, we are told. Maugham then requested his friends and acquaintances in a widely publicised edict to do the same and destroy his letters. Needless to say, the request was ignored; there are a considerable number of Maugham letters still in private hands, and many more in American universities.

In addition, Maugham made it clear to his literary executor, Spencer Curtis Brown, that he wished that none of the letters that escaped incineration should ever be published; nor should any prospective biographer be permitted to quote from them or be given any assistance. For 20 years after Maugham's death his wishes were respected.

However, in spite of the withholding of permission to use unpublished material, critical "portraits" and studies began to appear. Robert Calder, a Canadian, Professor of English at Saskatchewan University and author of the biography now under review, wrote one of the fullest, *Somerset Maugham and the Quest For Freedom*, Frederic Raphael wrote another in a series (originally Writers and their World, now called Literary Lives) from Thames and Hudson and I wrote one myself.

Then in 1980 came the bombshell; a full-scale biography, quoting from unpublished letters, by a New York journalist, Ted Morgan, with the *imprimatur* of Maugham's executor, Curtis Brown! What caused Brown to renege on Maugham's wishes after upholding them so strenuously for so long?

Clearly he had some idea of redressing the balance of the account Maugham gave of his marriage to Syrie Barnado in *Looking Back*, (a short book of memoirs which has never been published, but the most sensational parts of which were serialised in the Sunday Express); but Brown knew he was thereby perpetrating a betrayal of the author who had entrusted him with his literary estate.

WILLIE: THE LIFE OF SOMERSET MAUGHAM
by Robert Calder
Heinemann. £15.00. 429 pages

"Many people," he wrote in a "Personal Note By The Literary Executor" at the beginning of the Morgan biography, "may think I have acted wrongly. Only one man could have given me a clear decision, and he was the man who had sufficient confidence in me to place his reputation in my hands." Confidence which, it now emerges, was sadly misplaced; for whatever else the Morgan book may have done, it has not enhanced Maugham's reputation either as a man or a writer.

Nor do the ironies, much keener than any Maugham ever invented, stop there. In 1985 on the death of Alan Searle, who had been shattered by the Morgan book, Maugham's copyrights and royalties passed to the Royal Literary Fund, the charity for professional authors. The President of the Literary Fund became the new executor. Calder, who had been working since 1970 on a scholarly biography, applied for permission to quote from the letters as Morgan had done, but was told that Maugham's wishes were once again to be respected. The horse having bolted, the stable door was now firmly to be relocked.

***Anthony Curtis* on the latest view of a private man of letters**

One sees the President of the Fund's quandary; he at least would abide by the letter of Maugham's will whatever his predecessor had done; but one cannot help feeling sorry for Calder. As a result all the facts are most scrupulously presented but the living voice, the direct communication between the subject and the reader, is lacking.

Even so there is much here that is fresh and fascinating about Maugham, and much that hitherto was all blurred in hearsay and legend now becomes sharply focused. This is especially so with those last dreadful years. Calder's careful tracing of the fluctuating pattern of Maugham's rantings and ravings, within which there were lengthy reversions to lucidity and even serenity, makes awesome reading. It will perhaps never become entirely clear what really happened to Maugham from around 1959 until his death in 1965; just as there is room for more than one interpretation of *King Lear* according to whether you see the tragedy from the vantage-point of Cordelia, Kent, the Fool or Lear himself, so there is in this modern instance.

Throughout his life Maugham had taken the view that a writer uses his art to rid himself of the burden of his memories. He claimed to be doing that and no more in the notorious *Looking Back* (1962). A draft was, according to John Sutro, written and then burnt in one of the bonfire nights, but the rankling memories of the marriage remained to torment the senile Maugham.

Enter Lord Beaverbrook, like Sutro a neighbour on the Côte d'Azur, who encouraged Maugham to write down the hideous memories yet again, and offered him an absurd amount of money for the right to run extracts in the Sunday Express. It was that – to Searle's horror – which tipped the balance. "We simply saw a damn good story," Calder quotes John Junor, the then editor who negotiated the deal, as saying "and went for it."

Calder is just as enlightening about Maugham's literary beginnings as he is about his end. He reconstructs the London literary drawing-room world of late Victorian and Edwardian England, the period celebrated in the early part of *The Moon and Sixpence* and in the London scenes in *Cakes and Ale*. The literati of the period with whom Maugham brushed, people like Gosse, Ada Leverson, Violet Hunt, Douglas Goldring, are all identified and given their respective walk-on parts.

It was Calder who, in his first book, tracked down the original of Rosie, that fictional Blackstable barmaid, Maugham's most voluptuous heroine, who married Edward Driffield. In real life she was Sue Jones, the actress daughter of the playwright, Henry Arthur Jones. It was with Sue that Maugham seems to have had his one great heterosexual affair. The biography contains a reproduction of Gerald Kelly's full-length ball-gown portrait of her, "Mrs L in white."

Maugham's male friends (as distinct from his boy-friends, though often the two coincided) are shown in the 1890s to have been numerous. Despite the stammer and the shyness he played the role of the young literary lion not only in London but in Oxford and Cambridge. Forgotten figures such as Wentworth Huyshe and that dazzling *charmer, Harry V. Phillips*, appear fleetingly in the young writer's circle, while the more permanent people such as Walter Payne, the accountant who became a theatrical manager and with whom Maugham shared a flat during the period of his early success, are all fitted firmly into the intricate pattern of Maugham's social activities.

Undoubtedly the great love (apart from Mrs Maugham, who died when he was eight) was Gerald Haxton, the American Maugham met during his ambulance work in World War One. Even Calder has not been able to find out much that is fresh about this individual, who exercised such power over Maugham. Perhaps he was not quite as black as he has been painted by both his enemies and friends.

If it does nothing else Calder's book should act as corrective to much of the received wisdom about Maugham. And Maugham's reputation as a writer can surely be left to fend for itself. All the evidence suggests that he continues to be widely read at home and abroad. The short stories have never lacked readers since his death, nor have the best of the novels. It is only the plays that are neglected.

Anyone who wants to find out what the man was like, throughout his long career and world-wide travels, can be recommended to turn to Calder for enlightenment. Some reviewers have complained that he gives us too many trivial details, such as a list of the house-guests at the Villa Mauresque. But that – among other information – is the kind of thing I turn to a biography to discover.

Discreet tales of indiscretion

MARY McCARTHY seems the perfect subject for the sort of warts-only literary biography currently in vogue. Her life has been nothing if not controversial – orphaned and ill-treated as a child, she experienced an early loss of faith, married four times and had several more affairs, wrote controversial fiction and criticism, engaged in an infamous public libel suit and made a wartime trip to North Vietnam. She is ripe for speculation and analysis.

It comes as a surprise, then, that Carol Gelderman's authorised biography of McCarthy is such a circumspect work. Gelderman has chosen to focus on McCarthy's intellectual and artistic development rather than examine the details of her private life. Although this approach limits Gelderman's ability to convey a sense of McCarthy's turbulent emotional life, it does succeed in providing a fresh portrait of the author's intellectual development and her formidable contribution to "sanity in our times."

From the first, Gelderman's McCarthy is a woman eager to stamp her mark on the world. Orphaned at six, she was passed among relations whose attitude toward her ranged from cruelty to indifference. Avid Catholicism provided her with solace, yet was jettisoned when McCarthy discovered that a loss of faith was "a move guaranteed to attract attention" in her convent school.

MARY McCARTHY: A LIFE
by Carol Gelderman
Sidgwick & Jackson £15.00. 430 pages

She lost her virginity at 14, another sign of the precocity which was to characterise the remainder of her youth. A brilliant career at Vassar, an early marriage to a charismatic theatre director, a spectacular entry onto the New York literary scene at 22 – Gelderman's McCarthy is a young woman determined to succeed, a clever careerist who is unique more because of her sex and brazenness than any original thinking.

It is only with her marriage to Edmund Wilson and her break with the pro-Stalinist hierarchy that dominated the 1930s New York intellectual scene that McCarthy begins to show signs of her future achievements. Wilson, one of America's leading critics and 12 years McCarthy's elder, was more father-figure than lover. Their seven years together were punctuated by frequent quarrels and occasional drunken beatings by Wilson.

Gelderman treats the marriage with her usual sober treatment, never seeking to apportion blame or explore its effects on McCarthy's psyche. Rather, she devotes space to detailing McCarthy's work on the influential *Partisan Review* and her opposition to Stalinism, showing how McCarthy's apostasy led her to develop a belief in liberal communalism that was to characterise her later writing and thinking.

After divorcing Wilson, McCarthy began her mature work as a novelist and critic, a 20 year period of travel and travail that was to conclude with the publication of her *chef d'oeuvre*, *The Group*. Her frequent journeys, affairs and squabbles during this period are dealt with in a rather summary fashion, with Gelderman refusing opportunities to surmise on McCarthy's motives or emotional state. Three miscarriages are dealt with in as many sentences.

Gelderman views McCarthy's tendency viciously to lampoon friends and acquaintances in her novels, as well as their near-autobiographical sexual content, in the light of an overriding desire to tell the truth at all costs, rather than as bitchiness or sensation-seeking. This view is only partially persuasive, since in seeking to get behind the myth of McCarthy the shrew, Gelderman often neglects to examine fully how that myth came to exist.

There is something both admirable and frustrating in Gelderman's insistence on taking her subject so seriously. One reads this book filled with awe at McCarthy's energy and respect for her honesty, yet also without ever really gaining a strong sense of her personality. Gelderman's reticence takes its toll, leaving us guessing as to how the ambitious Vassar careerist grew into the grand dame of American letters.

Was there really no rancour in McCarthy's cutting fictional depictions of friends? Why did she marry lovelessly three times? Why is there nothing about the "several" abortions McCarthy claims to have had? These and other unresolved questions chip away at the pillar of integrity Gelderman so carefully builds. The woman is entitled to her privacy, yet a biography which is less revealing than its subject's own utterances errs on the side of discretion.

It is only with her treatment of McCarthy's opposition to the Vietnam War that Gelderman is able to give a full sense of the flesh and blood woman, of the emotions which power that formidable mind. You can see the roots of McCarthy's outrage in details like the photograph she keeps of a napalm-scarred Viet girl and admire her commitment as she risks her enormous popularity by visiting Hanoi.

Here, Gelderman's view of McCarthy as a woman whose iron integrity has been misinterpreted by petty critics is validated. Yet the controversy will continue after this cautious book – which is perhaps just the way the orphan girl from Seattle likes it to be.

Stephen Amidon

The dark side of the muse

IN THE swinging '60s, columnists enjoyed writing about the "groupie" phenomenon – girls who gained emotional and sexual excitement from close proximity to pop stars. It is no great compliment to Tim McGirk's biographical skills or, perhaps, his subject's personality that *Wicked Lady* suggests a high art groupie.

Its heroine, Gala, began as the wife of French poet Paul Eluard, became lover of, among others, Eluard's friends Max Ernst and Giorgio de Chirico and, eventually, Salvador Dali whom she married. Subsequently, with the excuse of Dali's sexual inadequacy, she took a series of lovers chosen from loyal Spanish fishermen and unsuccessful actors. So keen is McGirk to parade the sexual side of the story that he neglects to document properly the biography of what was clearly a remarkable woman.

It is the early part of Gala's life which seems most interesting. She was born in 1895 in Russia as Helena Dimitrievna Diakonova. The family lived in Kazan, on the Volga. Her father died when she was 10 and it was in a Swiss sanatorium while recovering from a a tubercular lung at the age of 17 that she met the young Paul Eluard, there for the same reason.

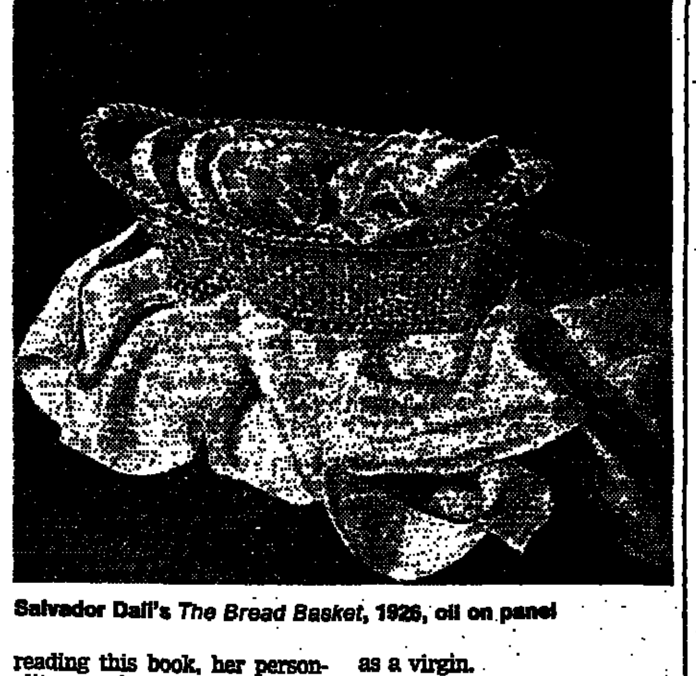
WICKED LADY: SALVADOR DALI'S MUSE
by Tim McGirk
Hutchinson £16.95, 168 pages

They fell in love and two years later in 1916 Gala travelled across war-torn Europe to join Eluard in Paris. He was already a soldier and his family did not approve of Gala but the couple married and soon produced a daughter. For the next decade and more the Eluards played a central part in the growth of the Surrealist Movement in Europe.

It was not until 1929 that the Eluards came to Cadaques for a holiday and Dali fell in love with Gala. Although she and her husband had each had, condoned and even shared numerous love affairs, this was different. Dali showed his love by abandoning his excrement paintings and laughing uncontrollably whenever he saw her. Dali's friends, such as Luis Buñuel, thought he was going out of his senses, but when Eluard left, Gala stayed behind.

She was 10 years older than Dali and already in her thirties. They spent most of their life together in the fishing village of Cadaques. Gala's attempts at dealing with Dali's anxieties are described by McGirk without much sympathy or understanding and he again emphasises the sexual aspect of their marriage, leaving the artistic output largely unexplored. Gala lived with Dali for 53 years, during which his huge output astonished the art world. Dali became so reliant on Gala's presence that on her death at the age of 87, he showed no more desire to live. He refused to paint; he refused to eat; he only just avoided burning himself to death.

Any summer resident in Cadaques soon became aware of the Dali household. Their garden was dominated by huge white plaster eggs and his parties were notorious hippie gathering-grounds. His was a spirit of madness, like the hot dry *Trementano* which blew off the ragged cliffs. For centuries, Cadaques could only be reached from the rest of Spain by boat and it still carried an air of unhealthy claustrophobia. It was an extraordinary place for someone of Gala's sophistication and restless vitality to choose to spend the second half of her life. After reading this book, her personality remains as mysterious as the reason Dali venerated her as a virgin.


Salvador Dali's *The Bread Basket*, 1926, oil on panel

Rachel Billington

Fiction

In search of serious truths

PASSING ON
by Penelope Lively
André Deutsch £10.95, 210 pages

THE BOOK OF EVIDENCE
by John Banville
Secker & Warburg £10.95, 220 pages

GIVE THEM ALL MY LOVE
by Gillian Tindall
Hutchinson £11.95, 313 pages

THE RAGGED END
by John Spurling
Weidenfeld & Nicolson £11.95, 312 pages

BURNING BRIDGES
by Maurice Leitch
Hutchinson £12.95, 287 pages

SINCE Penelope Lively, as usual, hardly puts a foot or word wrong, it is strange to catch her out in a well-constructed (disingenuous, perhaps?) lie, when in *Passing On* she talks of "that well-constructed lie that is a good novel." One sees what she means, but good novels do not lie: they are, as her wonderfully realised younger characters would say, into serious truth, in ways inaccessible to more mundane forms.

Helen and Edward Glover are living through the aftermath of their domineering mother's death, ensconced in a time-warp house in a Cotswold village rapidly succumbing to the depredations of the enterprise society: where the Old Rectory is occupied by the unknowably distant *nouveau riche* Hadleys, and the Baptist Chapel is becoming a Tasteful Conversion.

These innocents are not, however, converted, but doggedly face up to and handle the double legacy of what their mother has passed on: blighted love, social sterility, narrowed horizons, a house that turns out to belong not to them but to a frighteningly punk nephew, and a small patch of woodland which they refuse to sell to developers – a symbol of what remains true and decent and inviolable in an increasingly ambiguous and rapacious world.

Their mother's death precipitates crises. Helen falls in love hopelessly, Edward has to confront the, for him, inadmissible fact of his homosexuality. They stand firm against the shifting values of a changing society which their much younger sister has accepted, and in which she is drowning. Unexpected support, comfort and rescue is found in the punk nephew who, like them, is living his own truth. The ending is graced with a radiant stoicism which is itself one of the glorious legacies of the English novelistic tradition.

Guilt and accountability are part of what Penelope Lively is dealing with: Edward, after a moment of madness, "was hitched once more to the remorseless world in which everything is related to everything else, in which actions beget consequences, in which we are all answerable for what we have done, but some of us are called upon to answer more fully than others."

The Irish writer, John Banville, is interested not so much in the action (though this figures horrendously) but in the motivation. *The Book Of Evidence* is an extraordinary *tour de force*, an excursion into the mind of the outsider, and, by implication, into the nature of humanity. Freddy Montgomery is on trial for the apparently motiveless murder of a young girl. He recounts, with poetry, irreverence and black humour, the events which led up to the inevitable result of his lack of connection with the world.

The worst, the essential sin, he finally admits, is "that I never imagined her vividly enough, that I never made her be there sufficiently, that I did not make her live . . . that failure of imagination is my real crime . . . my task now is to bring her back to life."

Banville is here dealing not just with this crime, but with the crucial moral problem: how does one live properly if one cannot "imagine" other people? The moral relevance of art to life is an essential factor in working out the conundrum and this immensely accomplished and wide-ranging novel goes some way towards attacking the riddle. Banville is a superb *prestidigitateur* of style and mood, which means that this novel is by turns exciting, witty, reverberating and unforgettable: he really knows how to make the reader work as well as enjoy.

Gillian Tindall's Tom Ferrier, in *Give Them All My Love*, is also in the condemned cell, answering more fully than others for an act, the lead-up to which is the action. It links Tom's carefree Paris-based youth, his friendship with a Resistance hero, his marriage, his daughter's death in a car accident, his remarriage and, 30 years after the first events, the inexorable working-out of his moral imperatives which bear no relation at all to conventional justice and everything to personal salvation.

The slow, underground workings of self-realisation can take many forms, and this labyrinthine progress is plotted with great skill and reads, like all this writer's work, deceptively easily. I would take issue with some of her narrative sleights of hand and slight improbabilities, but not with the ultimate seriousness and generosity of intent.

The Ragged End of history is where John Spurling's people are at, as one of his characters asserts. Again, there is here a preoccupation with the relationship of art to life, as one might expect from this author, himself a distinguished art critic. His first novel is a decently, rather old-fashionedly ambitious account of the interweaving of the lives of four young men, originally together overseeing a plebiscite in a West African country in the 1950s. Thirty years later they are coming to terms with the New Britain and its relationship to the rest of the world.


Penelope Lively

Interspersed are the stories of the Victorian painter, Elizabeth Thompson and her husband, the soldier Sir William Butler and, at the other end of the scale, the bad-faith, left-wing literary editor whose views accord ill with his actions. The author moves from African coup, to trendy middle-class London, to the Falklands War and it is hardly surprising if some of his ends are more ragged than, perhaps, intended, but as a chronicle of post-colonial confusion and personal responsibility in an edgy age it is an elegant and distinguished début.

An overt dislike of all the weary, stale, flat and profitable uses of Britain in the 1980s runs, sadly, through all these novels. Nowhere more so than in Maurice Leitch's upsetting road-movie of a novel, *Burning Bridges*, which takes Sonny, a marginal middle-aged drifter and country music buff, in a camper van with adored Hazel to the hippy pastures and country 'n western clubs of Somerset, trying to recapture the sense of identity which they lost when they left Ulster.

Unease and lack of self-value are spun out in a depressing tour of the under-belly of all that is worst in this country today: even the dreams are tatty. It is knowingly and energetically written, but a solid diet of depression and delusion does not ultimately nourish.

Mary Hope

Heartache of a caring cop

LONELY HEARTS
by John Harvey
Viking £11.95, 282 pages

JOHN HARVEY'S *Lonely Hearts* begins with the murder of a woman in a city somewhere in England, and the appearance of Charlie Resnick, an unkempt, tender-hearted detective who worries about his sexist language and is moved to tears by a case of child abuse. At first he believes the killer is an ex-boyfriend, but after a second woman is murdered, he begins searching for clues in the lonely hearts ads which both women placed in the local newspaper.

John Harvey is good on the world of the police station, the petty rivalries, the bureaucracy and boredom of crime. Some of his minor characters are predictable and the plot, the way all the characters finally link up, is not always convincing. Indeed Harvey tries a bit too hard to be topical, to pack in all the relevant issues of child abuse, sexism and racism. But it is an entertaining read with an engaging detective; here perhaps is a novel in search of a film.

Wendy Brandmark

MOTORING/TRAVEL

Mercedes punctures the dream of the run-flat tyre system

Stuart Marshall looks at why the motor industry is so reluctant to use tyres that offer enhanced safety and performance

THE FIRST car in the world to have a revolutionary run-flat tyre system as optional equipment should have been the new Mercedes SL, unveiled at Geneva last month. At the last moment, Mercedes-Benz changed its mind.

Continental, Germany's largest tyre-maker, had been working on its CTS (for ContiTyreSystem) for seven years. If CTS gets a puncture, the car can be driven for another 200-300 kms (say, 150 miles) providing it does not go over 80 kmh (50 mph).

At least, that is the theory. Mercedes-Benz begged to differ. It saw the offer of a CTS option on its new luxury sports tourer as a convenience, not as a means of doing away with the spare tyre.

Mercedes reckoned SL owners would certainly not want to change a tyre at the side of the autobahn. But neither would they fancy completing a journey at 80 kmh or less. So Mercedes-Benz was going to have five CTS units per SL – one on each wheel and one in the boot. If a tyre went down, SL owners could drive on it as far as the nearest garage, where the spare CTS unit would be fitted for them.

Continental really thought everything was in the bag. The publicity material had been prepared. A presentation had been given to German technical journalists. Then, with only hours to go, Mercedes-Benz changed its mind. The SL, it said, would not have a CTS option after all.

What went wrong? It depends to whom one talks. Some of Continental's competitors and motor industry insiders reckon CTS was a non-starter, anyway, *because it is based* on a wheel with a rim shape that no other tyre will fit.

They point to the failure of previous attempts to introduce special tyres that can only go on non-standard wheels. For example, Dunlop's Total Mobility Concept (later called the Denovo) of the mid-1970s proved to be a disaster both for BL, which put it on some Austin and Rover cars for several years, and Dunlop.

Michelin's TRX tyre, launched at about the same time, was not a great success, either. Although intended as an extra-comfort tyre, not a run-flat like the Denovo, it also needed a unique rim.

Mercedes-Benz maintains it has only postponed a decision on CTS. It explains that, at the last moment, another supplier offered a standard-sized tyre for the new SL that could be driven flat for short distances.

Which supplier, *Mercedes-Benz is not saying.* But it is thought to be Pirelli with a version of its very-high speed P700-Z, altered slightly so it will not come off the rim if driven-on when flat.

Using a modified standard tyre would avoid a lot of problems. Stocking two completely different kinds of tyres and wheels at the factory is one. Setting up a specialised network to service the CTS tyres is another.

And there the matter rests, for the moment. Continental hopes that by the time of Frankfurt Motor Show in September, Mercedes-Benz will have tested the alternative and decided CTS was the best bet after all.

A German daily newspaper claimed recently that Mercedes-Benz had made a second U-turn. It said that when international motoring journalists had their first chance to drive the SL in Portugal in May, they would find the cars on optional CTS tyres.

Not so, said a Mercedes-Benz spokesman in Stuttgart last week. The story was only a rumour. No decision had been made and tests were continuing.

But why is the motor industry in general so reluctant to use tyres that offer enhanced *safety* and performance but need a non-standard wheel? The logistical problems are enormous. "It's almost like reinventing the wheel itself," said a chassis engineer from one of Mercedes-Benz's rivals.

"You find yourself locked into a single brand of tyre. If customers have trouble away from a major city, they may find it impossible to buy one of the special tyres – yet no other kind will fit the wheel. So they are stuck."

The car-makers recognise *the safety or performance* benefits of tyres like the CTS, as they did of the Denovo and TRX. But when they weigh these against their drawbacks, they tend to say: "Modern standard-type tyres are good and safe and are getting better all the time. Who needs all the problems of a special tyre when the advantages are not all that great, anyway?"

In tyres, the way of the pioneer is hard. The only fundamental change in the past 40 years to be completely successful was Michelin's introduction of the steel wire-belted radial. After a slow start, it has all but eliminated the crossply.

Continental has always recognised that if the CTS was to have a chance, other manufacturers would have to produce it under licence. Michelin has co-operated with Continental for five years, but the only makers to have shown examples of the tyre publicly are *Uniroyal, Semperit and* General Tire of the US. None of their CTS tyres is for sale, and all the companies are controlled financially by Continental.

However, there was a car at Geneva on CTS: the Ford Fiesta Urba, a city-centre concept that might never get beyond prototype stage. Ford is one of the few car-makers to have expressed real interest in CTS. It might, Ford says, be offered as an option on the Escort replacement, due within two years.

They say that unless you hit a brick on the motorway at 80 mph (130 kmh), modern tubeless tyres in good condition do not deflate suddenly. If they get a nail through the tread, they lose pressure slowly.

Tyre pressure monitoring systems (the Porsche 928 and the new Chevrolet Corvette XR-1 – about which I wrote last week – have them) give advance warning of tyre trouble. When the warning light shines, drivers know a tyre is losing air and could deflate if nothing is done about it.

Wise ones (the kind who also don't drive with the low fuel warning light on until the tank runs dry) would have time to go to a garage or tyre dealer and nip the problem in the bud.

Shoguns reign over the country set

WHEN YOU are half up to the axles in peat on a trackless Scottish hillside, you learn whether a luxury 4x4 estate car has got what it takes as an off-roader. The new Mitsubishi Shoguns have.

I drove them in the beautiful Scottish Border country last week. On the fast, winding roads they went like large executive saloons, the fuel-injected V6 (left of picture) especially. This one has a coil-sprung rear axle. Combined with independent front suspension, it gives the V6 a saloon car ride but laughs at the rigours of the rough stuff.

At £18,499 (£18,999 with three-speed plus overdrive automatic transmission), the Shogun V6 is the class leader. It might not have quite the status of an up-to-£28,885 Range Rover Vogue SE among Chelsea farmers but it now has equal social acceptability in the countryside. I rate it nicer to drive on the road, especially the manual version with a lovely five-speed gearbox and light clutch.

It comes with a very large, power-operated glass sun-roof, seven seats (the rear two facing sideways), cruise control, power windows all round, limited-slip rear differential and central locking. There is no wood veneer trim, but the figures show it depreciates more slowly than a Range Rover as well as costing a lot less to buy.

The exhaust system includes a catalytic converter and only unleaded petrol can be used. Normally, all Shoguns run in rear-wheel drive – you select front-wheel drive only for off-roading or slippery surfaces.

All are sold with three-year unlimited mileage and six-year anti-corrosion perforation warranties. Prices are from £13,199 for a 2.6 litre, four-cylinder, three-door; to £18,199 for a five-door, long-wheelbase diesel version (right of picture). This has a subdued and silken engine with a turbo-charger and inter-cooler. It pulls hard at low speeds but runs up through the gears like a petrol engine.

It also retains a leaf-sprung back axle and the ride, although very good, is not quite in the coil-sprung V6's class. However, says Colt Cars, this layout is preferred by owners who tow heavy trailers.

S. M.

The good-fit car guide

WHAT CAR can my 7 ft (213.5 cm) son learn to drive on? That was the question asked by Leonard Kemp, of Richmond, several months ago. A lofty 6 ft 5 in (195.5 cm) himself, he drives a Vauxhall Astra with tilt-adjustable steering. But his son's even-longer legs will not fit round the wheel.

My idea was to try a smaller-diameter steering wheel, but some readers with a similar problem have (as always) come up with what might be better solutions.

Elizabeth Salvesen, of Cumbria, is not as tall as her 6 ft 4 in (194.3 cm) husband but her back is even longer. They experimented with used Rolls-Royces downwards until settling for a Mercedes 300TE with Reccaro seats and adapted frames.

"The people at the Edinburgh Mercedes garage deserve a prize for the service they gave us. They practically took the car apart and found an extra 3 in (7.6 cm) headroom," said Mrs Salvesen. The snag: it cost £3,000.

At the other end of the price scale, Michael Scholes, of London SE25 – only 6 ft (183 cm) tall but long-backed – advises: buy an old Morris Minor 1000 Traveller. It is, he says, ideal for a learner, cheap to insure and has plenty of headroom.

Scholes speaks for several tall readers in complaining that sun-roofs fitted as standard in many cars reduce headroom seriously in the critical area over the driver's seat. "Why can't we have a 'delete' option?" he asks. "And let us also do away with the non-adjustable head restraint. If it is too low – say, below the level of a driver's eyes – it can make matters worse by acting as a pivot and helping to break a person's neck."

Writing from Mayfair, London W1, G. M. Rivkin – who is 6 ft 11 in (211 cm) in his socks – commends large BMWs or Range Rovers without electrically-adjustable seats. He can drive either without suffering, providing the seats have been dropped by one inch (2.5 cm). But he would like to know of cheaper cars that can be equally comfortable for the very tall.

If any readers, car and seat manufacturers, or firms which adapt cars for out-of-standard buyers, can come up with helpful advice, I shall return to this subject.

CAR THIEVES will have to become smarter to stay in business if the technology of Rover's security concept car appears in future models.

Between 70 and 90 per cent of all car crime is said to be opportunist. Most cars that are taken and driven away, or from which property is stolen, were left unsecured or had poor security systems.

The Rover Sterling security concept car does three things: keeps the thief out, makes a lot of noise if its defences are breached, and disables the engine's electronic management system so that it is near-impossible to drive the vehicle away. There are no external door locks; an infra-red transmitter works fully-enclosed latches. If any glass is broken, or if someone tries to steal the wheels, the alarm system is triggered.

Short of using brute force to batter a way in, the car has frustrated all attempts at entry by experts. Even with the windows smashed, the locked doors could not be opened. Rover says the entire system would be too expensive to put into production cars but some of its features could be incorporated in future Austin Rover models.

A peasant time in Romania

Simon Kolka observes the dignified struggle of a people determined to carry on their varied village life

AS THE TAROM jet glided into Bucharest at the start of my 10-day solo trip to Romania, it felt like entering enemy territory. Reports of acute shortages had been confirmed by the half-filled compartments in the airline lunch box, and by the re-used, cracked plastic beakers used to serve soda water, the sole liquid refreshment on the flight from Belgrade.

The capricious and repressive nature of the regime seemed reflected in the sullenness of the flight attendants, the mustiness of the furnishings and the lack of safety procedures.

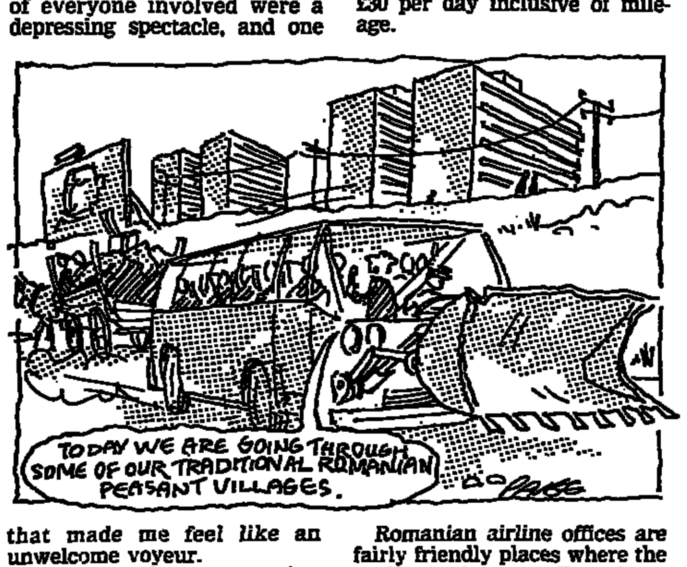
The time I spent travelling independently confirmed many of these impressions, yet afforded an insight into a different Romania – one of villagers in settings of almost medieval innocence and of townspeople struggling to preserve their dignity amid the degradations of shortages and repression, because village life, in its variety and picturesqueness, continues outside those areas where President Ceausescu has started to impose his "systematisation."

Putna, in northern Bucovina and only a couple of kilometres from the Soviet border, is typical in its wooden houses, painted and decorated with ornate tiles, plaster and ironwork. Gardens are full of flowers, and cows, geese and the odd pig wander from neat yards into the main street. Sheepskin-clad peasants carry timber or animals in long, V-shaped horse-drawn carts.

In the Danube delta on the Black Sea coast, the best known inhabitants are the Lipovani, distinguished by their long coats, beards and *floppy hats. Leaving their families* in the Delta villages, the men spend the summer in reed huts scattered around the many lakes in the region, going out to catch caviar-bearing sturgeon or Romanian carp. To meet them involves the services of a fisherman to row you around, luck, patience and – when you find a Lipovan – vodka, preferably in great quantities.

The fisherman, who will accept anything from jeans to Kent cigarettes as payment, may take you to the remote pelican colonies, or to the protected forests in the north of the delta where mink, boar, wolves and snakes are reported to live.

Towns along the Black Sea coast have a large proportion of Turks and gypsies, who openly tout dangerous black market transactions on the streets of Constanta. In the towns, the pressures of shortages and repression are more obvious. In Iasi, the Moldavian capital, queues for meat were desperate affairs: the quarrels and anxiety and the irritation of everyone involved were a depressing spectacle, and one that made me *feel like* an unwelcome voyeur.



Fear was also more noticeable here than elsewhere. A mild political comment to me in the hotel restaurant was accompanied by furtive glances all around. The next night a Palestinian student got up and left when I asked about black market dealings.

Nevertheless, Sunday was enjoyed to the full with people queuing for the cinema (a Norman Wisdom film), eating ice-cream or cakes in cafes and dancing enthusiastically to amplified bands in the hotels.

The personality cult of Ceausescu is obvious everywhere outside the Black Sea tourist resorts. His unnaturally youthful face looks over parks and streets and dominates displays in bookshops. The newspapers and two hours of TV each night show little other than extracts from his speeches or the visits by him, and his wife Elena, First Deputy Prime Minister, to various construction sites.

The independent traveller in Romania, at least outside Transylvania and Bucharest, remains a novelty. Westerners visiting the country on packages to the Black Sea Coast, or on coach tours in the interior, receive priority in food and transport – outside a package, you have to negotiate the hazards of daily life and can have an uncomfortable, though rewarding, time of it.

Getting around by hire car is the most expensive option though the best way of seeing everything you want in a reasonable time. Car hire can be arranged in the UK but is cheaper in Romania, around £30 per day inclusive of mileage.

Romanian airline offices are fairly friendly places where the staff speak some French or English. Railway stations are another matter, and to beat long and ill-disciplined lines it is best to buy a ticket in advance from the railway agency in the town. Though very cheap, trains are filthy, slow and crowded, with the lunge for a stopping train marked by a desperation absent even in, say, southern Italy. Carriage doors are left hanging open as a matter of course, and after nightfall you sit in darkness. Nevertheless, the trains run surprisingly close to the advertised times, and cover most of the country.

Travel in towns is often by methane-powered buses which have two large gas cylinders fixed on top, just like *Dad's Army*. Crowding is often enough to form swarm-like bulges hanging out of the doors, though people are surprisingly good-humoured, even making space for the westerner's backpack.

Accommodation is limited to expensive, so-called first class hotels costing £20 and upwards, or much cheaper *(though dirty and basic)* campsites. Private accommodation is illegal. Hotel rooms are clean and comfortable, or so I found, and the hotel restaurant is often the focal point for the town after dark, even though practically everything stops by 9.30 pm.

Hotel dinners were my only decent meal of the day, though their quality depended on whether or not the waiter thought I deserved the preferential treatment meted out to package tours. Meat, cheese, fish and poultry were usually available and reasonably prepared. The wine was expensive and often restricted to sweet white *Murfatlar*, though in Tulcea they produced a soothing dry *Argolet*.

Outside hotels, you can often pick up snacks on the street or at railway stations. Food shops are depressing; though seeming to be well-stocked with bottled fruit and veg, these often turned out to be at least a year old. Bread can only be bought, when seen, by queuing, and coffee and milk are almost unknown.

Getting a drink is a confusing business, though a good way of meeting people. One beer-only bar in Iasi featured a debased table service, where a waiter loaded up to 50 pints on a trolley only to see them dis*appear after just two tables.* The alternative is to join the inevitable scrum at the serving hatch and hope that your western looks cause pity.

At another bar, in the small town of Gura Humorlui in Moldavia, I was hugged and patted because I was English, while in Tulcea unofficial rides on a package tour boat were negotiated (for Kent cigarettes) over beer

An important, though difficult, consideration for the independent traveller is the black market. Boosting your spending power by five to seven times has to be *balanced* against certain imprisonment if caught. Indeed, those who offer to change money in any but the darkest corners are likely to be informers.

Though changing money can cut transport and food costs, there isn't really much to buy. A £20 cello or £70 turntable in Iasi were strange exceptions, though somewhat impractical souvenirs. Behind the shortages and queues, life in Romania has a variety and intensity that quickly becomes addictive. Waving to the children begging for scraps of food from the train crossing to Bulgaria, I looked forward to regaining weight – and returning.

Chateau-living in the valley of the Tarn

Christian Tyler tells how he became an aristo in forgotten France

THE BRITISH are fortunate in living close to a large and unexplored country. It is called France.

They know the northern coast and Paris, invented the French Riviera and have colonised the Dordogne valley. Yet in many parts of the interior they are still rarely seen.

The southbound train discharges most of its polite English passengers at Brive. But push on down to the valley of the Tarn and you enter virgin territory, prehistoric in its physical outline and feudal in its atmosphere. In the Middle Ages this valley was a hotbed of Albigensian heretics, messily purged by the Inquisition. And one night last year, when the moon was full and shining off the river, I swear we heard a wolf howl.

The upper reaches of the Tarn and its tributaries run through suffocatingly steep and narrow gorges in which the neolithic tribes settled and their descendants still mainly live. The traffic that threads along the river roads all day in summer is almost entirely French: picnicking, bathing, canoeing or just driving. We did see one Swede – topless, of course.

Climb the ramparts of these gorges, up perilously tight hairpin bends, and you emerge into another world: bare plateaux of limestone, mostly uninhabited, treeless and littered with queer-shaped rocks like plasticine figures from a nursery school. Each plateau has its own character. On the Causse Mejean you might be in Spain, on the Causse Noir you are reminded of Scotland.

Millau, lying at the gateway of the gorges, is the region's capital and the centre of sporting activity. To reach it, we sweated up from Narbonne on the coast: two estate cars containing five adults and eight children aged from four months to 16 years. It was the weekend rush and we were jammed for an hour on the final descent while hang-gliders sailed mockingly overhead.

We had rented (£642 a week including ferry crossing) what was described as a chateau, several miles downstream from Millau; and we were incredulously pleased to discover, as we rounded the final bend, that a chateau was indeed what it was. It stood above the road, in pale yellow stone with a red-tiled roof and rust-red shutters on every window. Balustraded terraces looked over a single-track railway and the tree-lined river 100 yards away.

Beyond the chateau, where the river turned sharp left, a mediaeval hamlet was plastered against the cliff wall like a swallow's nest. Except for Sunday mornings, when a handful of people turned out for church, it seemed dead to the world. A few of the houses had been modernised by weekenders. But we met virtually no-one.

The terraced hillside behind the house had been abandoned to weeds and scrub. A flock of long-legged sheep, led by a bell-wether, grazed there by day. By night they enjoyed smelly intimacy in one of the outhouses. We blamed them for the flies that nagged us in the early mornings. The shepherd, the last retainer on the place, described how farming in the Aveyron was dying, but his accent was almost impenetrable.

We might have learned more from the Merry Widow, a former tenant of the chateau, who bounded in one evening and ran exclaiming from room to room, bosom heaving with emotion. But it was a bad time of day for receiving visitors, and she swept off in a cloud of Chanel.

The internal lay-out was 17th century. A single stone staircase led up from a flagged hall. There were no corridors, and each room led directly into the next. Exits and entrances became like a French farce, especially on the night of the road crash when we all stumbled round in the moonlight looking for the burglar.

We lived in our chateau like *aristos*, sitting down 12 to dinner at the big candlelit table and quaffing Cote du Tarn and Armagnac until the small hours. We did more shopping and cooking than aristocrats are accustomed to, with daily trips to the hypermarket, and put up with more noise from the kitchen staff (the children washed up in rota) than the nobility would tolerate.

It took surprisingly little time to develop a domestic routine. We soon discovered that the chief pleasures consisted of messing about the house, bathing in the river, and staying up late. The river was warm, shallow and very fast: the trick was to wade out into the current and be swept downstream to the deep green pool on the bend, swim ashore, walk back and throw yourself in again.

When they were not at the river, the youngest children were content to roam about the terraces or venture up the hillside in pursuit of lizards, lilac butterflies and hangliding grasshoppers with startling red and blue wings. The older boys went canoeing down the rapids, cafe-crawling in Millau, or stayed in bed listening to Jean-Michel Jarre tapes.

Sightseeing excursions were not very popular. The children were understandably aggrieved by the Rocquefort cheese caves: at the time of our visit the underground warren contained precisely one cheese, a demonstration model, and a violent smell of old socks. But no-one could avoid being dazzled by Aven Armand, a stupendous cavern the size of Notre Dame with a forest of limestone cacti and totem poles growing from its floor and swathes of stalactites like cobwebbed organ pipes.

We are not really parlour-game types. Yet in the welcome absence of television the most popular evening pastime proved to be literary games. Two writing competitions – prize FFr50 a time – had all ages scribbling secretly right up to the deadline. On the last day one of the stories was turned into a three-act play and performed on the front steps in masks

Some people do not mind driving long distances with children. But the least tiring way of getting a big family party to the further regions of the Continent is to use the Motorail.

At peak times the Boulogne-Narbonne route is far from efficient (though I am assured others are better), even when the ferries are runing to time. There was a lot of waiting around, in the rain at one end and in the sun at the other, a shortage of breakfast, compartment doors and blinds that would not shut and, on the return trip, an unaccounted-for computer error that cancelled all our bookings. Motorail says it is working on the problem.

With the airways now so congested and the reliability of some aircraft in doubt, a lot of holidaymakers will prefer to travel overland this year. They need look no further afield than forgotten France.

■ **Chateau de Peyre was booked through Bowhill Cottages, Mayhill Farm, Swanmore, Southampton, SO3 2QW, tel: 0489-878567. Motorail is at French Railways, 179 Piccadilly, London W1V 0BA, tel: 01-409-3518. It is essential to triple-check reservations and make certain that your car does not exceed the regulation height (1.63 metres).**

How to repel gatecrashers

ASSUMING THAT most insects are illiterate, the message "Mossies: don't panic" which appeared recently on newspaper placards in Perth probably meant nothing to them. It seems likely, however, that the advice was aimed at something higher up the evolutionary scale. "Aussies: don't panic" might have been more apposite.

Cause of the current scare is an upsurge of Ross River virus. Its symptoms include lethargy, fever, headaches, and severe muscle and joint pains as indicated by the alternative label, epidemic polyarthritis.

The virus is carried principally by waterfowl, and it is their migration from drought-stricken areas of Australia to fresh swamps and marshes that brings the illness periodically back into the headlines. The intermediaries are the mosquitoes which are none too fussy where they stick their hypodermics and thus transfer the virus from the avian to the human population.

Since the condition can last up to a year, Ross River virus is no joke. But, for many living here, it is difficult to take it too seriously either.

Firstly, we read the conflicting advice that the health apartment says metropolitan residents should not be alarmed, while almost in the same breath suggesting we stay indoors between sunset and nine pm.

Secondly, with suburban gardens accommodating fatally venomous dugites and tiger snakes, and with garages and outside loos harbouring red-back spiders – their bite means a hospital stay – by comparison mosquitoes seem merely a nuisance.

As for the voluntary curfew, if too strictly adhered to, it threatens the very core of Australian social life. It is a cruel coincidence that mosquitoes like to go blood-hunting at a time when people like to barbecue.

Of course, there is always the choice of prevention rather than cure: the most essential item at any outdoor evening meal is the bottle of Aerogard or similar insect repellant. "Pass the port," as an after-dinner request, is replaced by "Pass the Rid."

As with any threat, Ross River virus has become real to me only since it struck close to home. All four members of a family in a neighbouring suburb contracted the infection during a barbecue beside the Swan River.

Suddenly our creek took on a sinister air. In fact it deserves the name "creek" only in winter, when it floods to such depth that it is possible to go canoeing between the acacias at the bottom of the garden; by Christmas it is just a stagnant incubator for thousands of wrigglers – mosquito larvae.

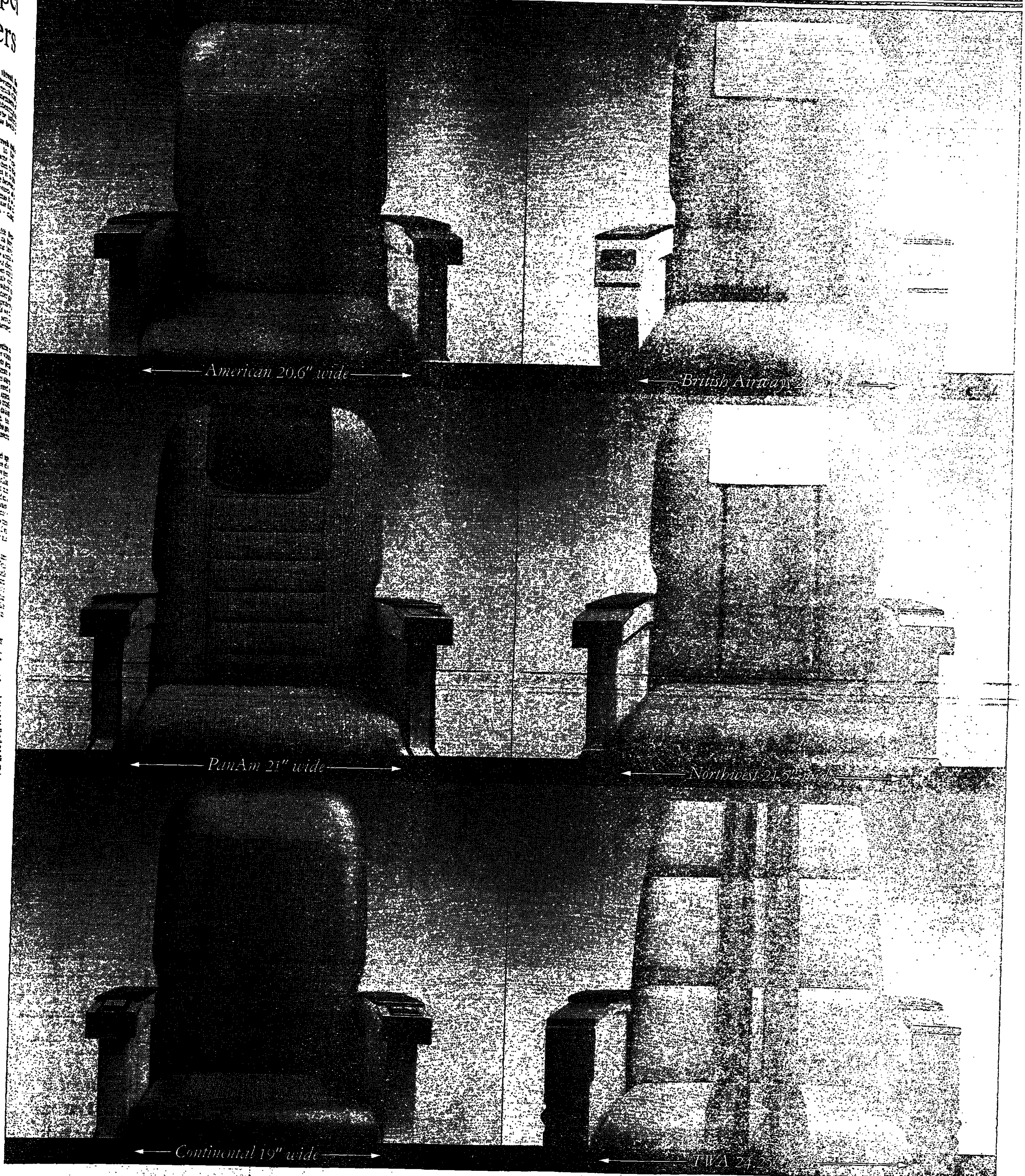
When the Health Department stepped up its bombing campaign, dropping larvicide on wetlands in the south west of the state, we felt distinctly uncomfortable about our little creek. It is patently obvious that the mossies which gatecrash our own outdoor parties and garden get-togethers are home-grown. Should we do the neighbourhood a service by putting a film of kerosene on the larval hotbed?

The telephone hotline dealing with Ross River virus put the whole thing into perspective. The spokesman who answered my queries was reassuringly well-informed and laid-back in his approach: "You know, if you're trundling down to a billabong do it when the sun's up high. And if you're having a barbie get one of those plug-in insect-zappers."

So, having decided against polluting the source of our mosquito bane, all we need do is ensure that any billabong-trundling occurs at midday and stockpile the Rid and the Aerogard. The makers of insect repellant must be secretly blessing these infected mossies – it is an ill wind, after all, that blows nobody any good.

The virus is named after the area of Northern Territory where it first was identified. Various wells and waterholes are shown on the map of Ross River. One is called Mosquito Bore are and another, Bastard Bore. *The second name surely must qualify the first.*

Julia Berney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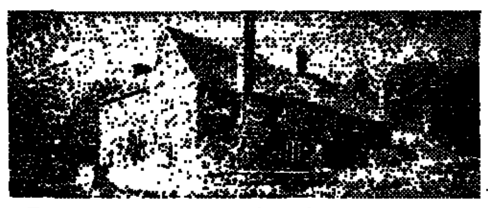

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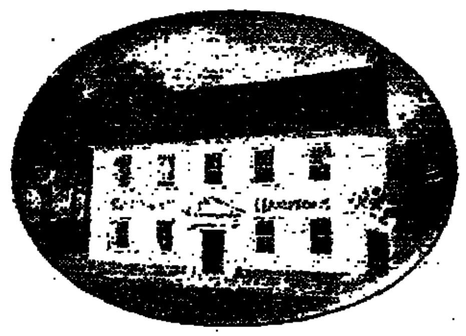

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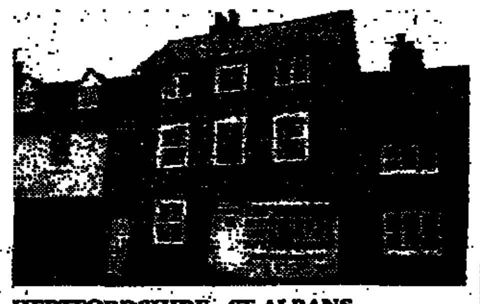

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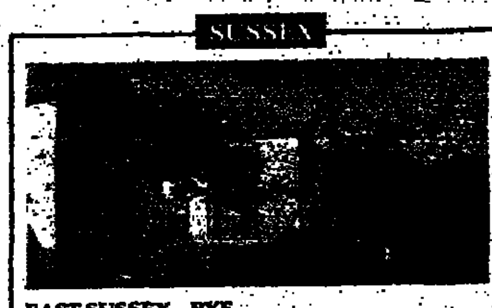

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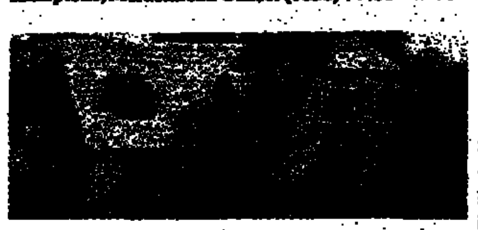

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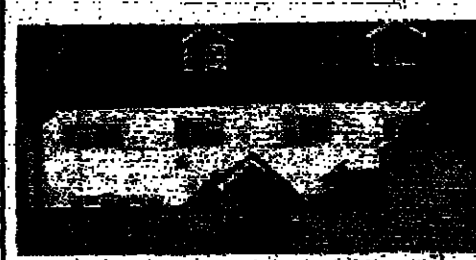

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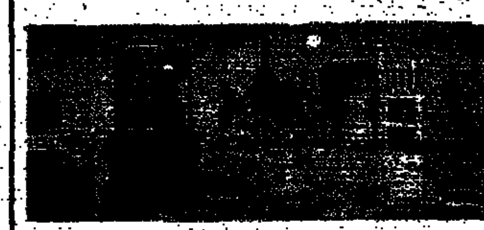

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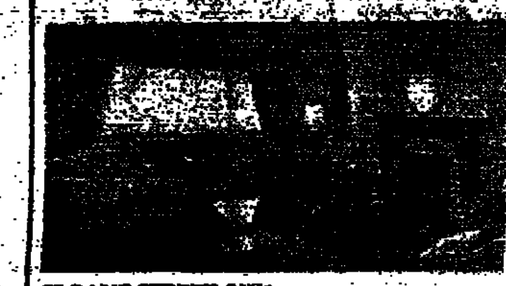

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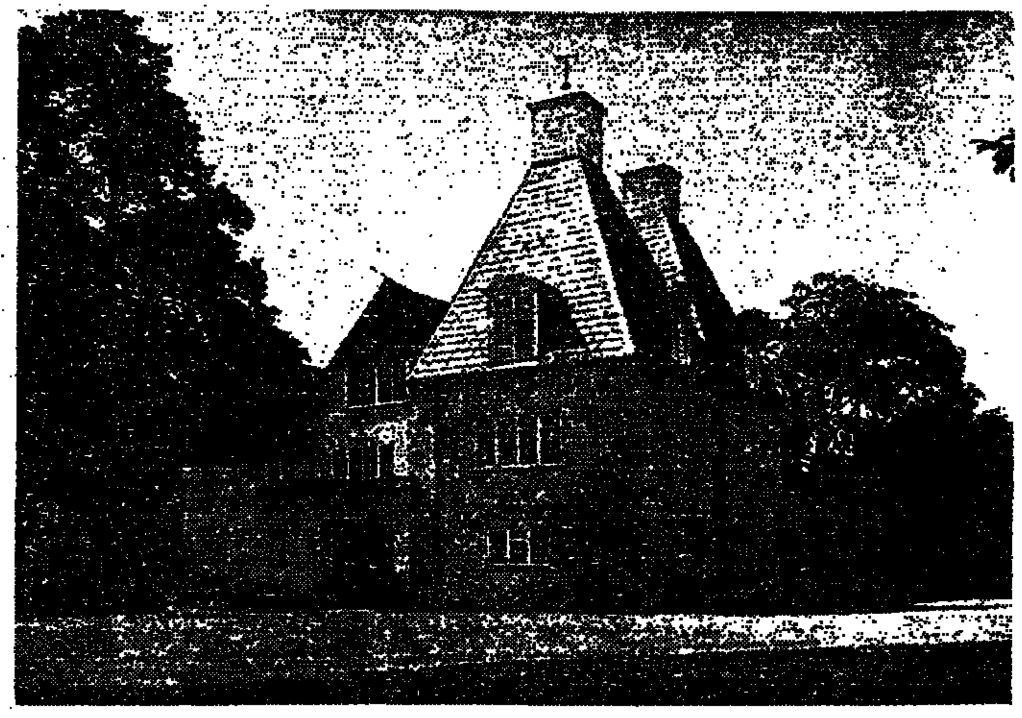
Monty's mill: a home that's fit for a hero

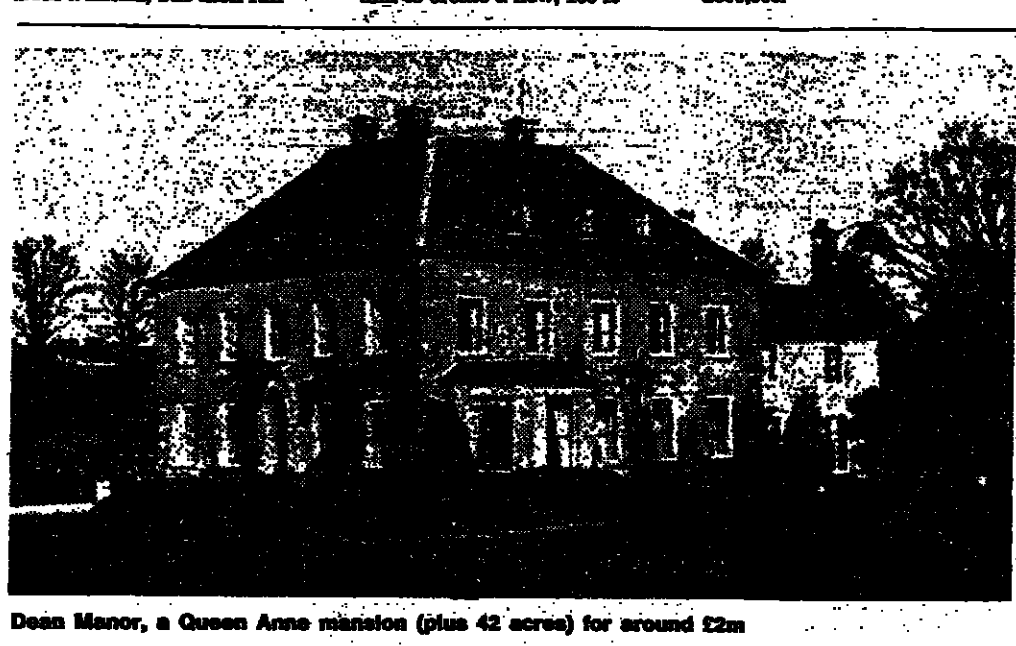
*One of Britain's most famous soldiers lived there; now his son is selling it. **John Brennan** reports*



IT IS the ribbon developments of 1920s and '30s semi-detached houses that take a bow as the "homes fit for heroes" promised by Lloyd George to the returning troops at the end of the First World War . . . but no-one offered a semi to Field Marshal Viscount Montgomery of Alamein when he returned to England after the Second World War without any permanent home.

He bought an old water mill granary and oast houses by the River Wey in Hampshire from a friend, but then ran into difficulties winning planning permission to convert it into a home. Even after that the conversion hit problems, this time over building supplies at a time when there was an acute national shortage of even the most common building materials.

A number of Commonwealth countries came to the Field Marshal's rescue, sending along rare timbers from Australia, New Zealand and Canada and enabling him to fit out the house with fine timber fitments and panelling, and to create a new, 100 ft timber barn to house his war caravans. The caravans have long since made their way to display at the Imperial War Museum, and the Grade II listed Isington Mill, at Alton, Hampshire, (15 miles from Guildford), with a four-bedroom main house, three-bedroom secondary cottage and outbuildings in three acres of garden is now being sold by the Field Marshal's son, the current Lord Montgomery, through Knight Frank & Rutley (01 629-8171) for "in excess of £600,000."



Dean Manor, a Queen Anne mansion (plus 42 acres) for around £2m

Woodcote End House in Epsom, Surrey: yours for around £900,000

Hang the cost, feel the quality

LONDON IS full of multi-million pound houses that have been stuck on the market since late last summer. Quite a few of them stand next to multi-million pound houses that are drawing serious offers as fast as the agents can complete the sales particulars.

Meanwhile, out in the country, £500,000 homes that would have drawn a pack of would-be gazumpers this time last year stand unvisited despite some impressive reductions in asking prices. And yet, just a half a mile up the road, the odds are that you will find a competitive tender under way for a similar-sized, similar-priced property.

All of which merely underlines the point that, in spring 1989, the upper end of the residential market is not one that takes kindly to generalisations.

Just about the only two things that everyone agrees on is that sales volume across the housing market is sharply lower than at the same time in the past two or three exceptional years, and that anything of real rarity or quality is holding its price.

Those seriously looking to buy are able to take their pick of a normal seasonal influx of properties on to the market. Any properties held back because of doubts about the strength of buying interest have been more than compensated for by the pent-up pressure of properties held off the market in the autumn and winter months. Hence the cluster around the good properties, and the embarrassing silence that falls upon the marketing programmes of the uglies and the over-priced.

In town, or out of town, prices have not softened for prime properties. Lane Fox (0295-710592) and Savills (0295-3535) are comfortably able to start the price discussions for the classic Queen Anne house and 42-acre estate of Dean Manor, Charlbury, Oxford, at £2m. Come high interest rates or low, rising or declining inflation rates, good weather or bad, Queen Anne country mansions in their own grounds have the sort of saleability that defies temporary troughs in the market.

The same applies to the Grade II listed Woodcote End House, Epsom, Surrey, home of the late Sir Stanley Baker, the actor. The five-bedroom house, with a separate two-bedroom flat in the coach house, stands on the edge of Epsom Downs.

Savills are inviting offers of around £900,000 for the house and three-quarters of an acre of gardens. You will have to work out your own deal with the owners to take up the £1,250 a year box in the grandstand of Epsom racecourse that goes with the property.

J.B

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Where they're happy to show off success

John Brennan looks at an area where an ornate home is the norm

AT THE FAR northern end of London's Jubilee underground (Tube) railway line, discretion is not the better part of housing design. The citizens of Stanmore and Arkley, Bushey Heath, and Hartsbourne, like their homes ornate. And it's with a perfectly straight face that Dick Griffen, managing director of Berkeley Homes (North London), points out the pride of the company's "flagship" development with the comment that: "Tudor bungalows are pretty unusual."

Architectural purists might wince, but Griffen's timber-beamed bungalow and its near-neighbour Jacobethan houses at Hartsbourne Road, Bourne End, hit local buyers' preferences right on the wallet. Six out of seven of the £525,000 to £645,000 homes on that site have been sold already, some months ahead of completion – and sold, furthermore, within days of their release in February at a time when most house-builders were preparing for a depressingly long, hard spring and summer marketing programme.

"You have to build to your market," says Griffen, who adds: "There is a strong Jewish community here, and a lot of wealthy Asian families are moving up to this area. They want to have houses that look impressive, so we like to think that we take great care over the appearance as well as the quality of the product. They have to look good, but they also have to be to a very high standard."

Griffen, who moved from Surrey to set up Berkeley's north London operation nine years ago, was surprised initially to find that the buyers of even the most expensive homes in mid-suburbia were not in the least concerned about having small gardens. "People would expect half an acre with a half-million pound house in Surrey, but that is just not the case in north London," he says.

That is just as well, because most residential development has to be squashed into in-fill sites in this community of detached and semi-detached houses dating from the mid-war ribbon development and the gap-filling period in the 1950s. One of Berkeley's prime markets for its new, almost self-consciously luxury homes is among the owners of tired, but property-inflation boosted, houses now retailing for £200,000 to £300,000 a time.

There is just so much you can do to a mid-suburban "semi" before even the double-glazing salesmen, the loft conversion companies and the bolt-on conservatory hucksters run out of spending options. In the land of the fully modernised and extended older home, new homes justify their premium as the only things left to which you can trade up.

Add modern standards of insulation, heating and plumbing; interior layouts that allow for television and CD player-users as well as room to entertain "in style"; en-suite bathrooms, as well as kitchens not embarrassed to be fitted with every known piece of microchipped domestic technology, and home-owners in outer north London seem content to be exchanging 1930s'-scale gardens for well manicured patches of turf.

The open fields that drew the builders to the far commuter reaches of the Tube lines half a century ago are either developed fully or locked away as farm or scrub land by green belt planning restrictions. The garden suburbs are succumbing to in-filling as builders compete for every available open space and fight for the opportunity to transform the unfashionably generous gardens of a brace of semis, or of a land-rich detached home, into another enclave of executive housing.

Berkeley's Garden Court site at Barnet Road, Arkley, illustrates the density game, with six five-bedroom homes and a three-bed bungalow rising on the land that a mid-war builder used for only a couple of houses. Competition for sites with this kind of redevelopment potential pushed the land cost to around £200,000 a plot for each of the seven new houses.

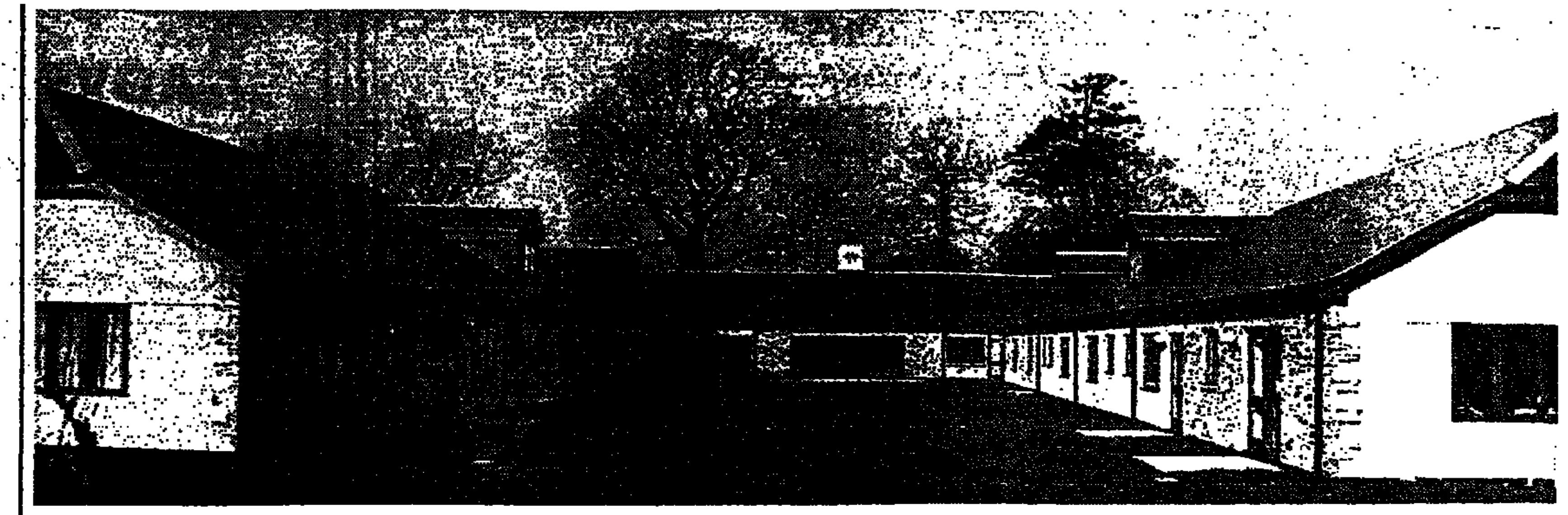
And as these new homes are on offer through Copping Joyce (01-446-8227) for between £425,000 and £500,000, they underline Dick Griffen's point: "Prices were such last year that site costs were reaching 50 per cent of resale values."

That is one reason why house-builders have been having a particularly rough ride on the stock market in recent months. Sizeable land banks are good news in a rising market, but they are treated as a plague at a time when sales volumes are down, interest rates up and, therefore, land-holding costs high.

The Berkeley Group is insulated from this problem. Although its north London company alone completes around 150 houses a year, the group is, by its own description, a "current trader." As Griffen explains: "We look at costs now and at prices now, and never buy in anticipation of rising values. We do not hold a substantial land bank at all. We like to have identified land for 18 months ahead but we only hold about six months' stock."

Berkeley is unusual among builders in that it sells virtually all its homes off-plan. By concentrating on small sites and higher price-range homes, the group's constituent building companies have specialised in customising pre-sold homes to buyers' specifications. This residential variant of a commercial property "shell and core" sale enables buyers to decide on everything from the bathroom and kitchen fittings to where those rooms should be. "If they buy early enough," adds Griffen, "they can even have the interior walls moved around to make their own layout."

It is a sign of the market that these pre-selling specialists are creating show houses for the first time. It is another, perhaps just as interesting, sign that in the land due north of Prime Minister Margaret Thatcher's Finchley constituency, it is the expensive homes that are selling and the overt opulence that wins the (mainly cash) buyers. At the top of the Tube lines, success is something to be displayed.



The Venn House retirement village at Tavistock, Devon . . . full maintenance and management costs are estimated at no more than £30 a week per cottage

Catering for the ages of man . . .

YOU MIGHT say that property appreciation can cover the expense of human depreciation.

That mightn't be an unduly charming way of putting it, but it does describe the underlying commercial logic of a new wave of retirement housing which follows the Continental and US pattern of offering age gradients of property within the same scheme.

The theory is that you buy a sheltered home as an active pensioner.

As the years pass and you become more in need of care, you trade-in that property for a move to residential care and, eventually, into a full-time nursing home on the same development in a place and among people you know.

Venn House at Lamerton, Tavistock, Devon *(0822-612-322) is one such retirement village.*

There, 16 one- and two-bedroom cottages in the £90,000 to £125,000 range form part of a scheme that mixes newly-built homes with the conversion of a 17th century manor, coach house and outbuildings on a 10-acre estate.

Venn House already has a 25-room residential home and hotel as well as the cottages, and the village will be completed with the conversion of a stone barn into a nursing care unit and hospice.

Full maintenance and management costs – including estimates for heat, light, rates, ground rents and so forth – on the 125-year leasehold cottages are estimated at no more than £30 a week.

J. B.

Bowling into retirement: McCarthy & Stone's new Tatton Court home at Stockport, Cheshire

SIR Tollemache Sinclair instructed architect Donald Lees to build Lochdhu Lodge in Caithness at the height of the last major surge of interest in country pursuits, in 1895.

The 16-bedroom lodge (left) served as a hotel for Victorian and Edwardian sportsmen shooting over the Thurso family estates, and trout fishing in the 20-acre natural loch. And it remained a distant outpost of the sporting life until the 1960s, since when it has been used just for family holidays.

Now, with a price tag of £65,000 reflecting the work needed to improve and maintain the listed building, the stone-built lodge, its nearby two-bedroom Bothy and electricity generation engine room, plus the loch with a five-metre strip around its banks, are on offer through Knight Frank & Rutley's Edinburgh office (031-225-7105).

The recent planting of the estate means that, over the next few years, the lodge's bleakly open surroundings will become tree-covered. Lochdhu is 27 miles from the airport at Wick and, in appropriate Sir Tollemache style, the Highland railway will make a stop at Altnabreac, three miles from the lodge, if you remember to ask.

J. B.

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A 'grim and resolute city' turns to seduction

***Richard Donkin** looks at how Bradford is shaking off its psychological scars and regenerating its industry and image*

Nicholas Treadwell (left) with Dean Barret's "Double Figure Sculpture", at his gallery in Bradford's Little Germany, and Jonathan Silver, at Salt's Mill, a "mill mall" owned by Silver and one of the city's tourist success stories

Pictures: Mike Arron

RONNIE FARLEY eased back his sleeve and looked at his Mickey Mouse watch. It was time to leave the terrace of Le Nouveau restaurant with its panoramic views of the gipsy encampment on Canal Road, a few hundred yards from Bradford City's Valley Parade football ground.

Farley had been explaining the new optimism in a city which is still shaking off the legacy of recession and the psychological scars wrought by the fire at the football ground in 1985 and the earlier murderous careers of two of its residents, Peter Sutcliffe, the Yorkshire Ripper, and Donald Nielson, the Black Panther.

There was a time when Bradford boasted more Rolls-Royces than any other provincial centre per head of population; when the textile kings held a grip on local trade akin to that enjoyed by the 15th century Renaissance Florentines and Venetians who they admired so much and copied in their mill architecture.

This was the "grim and resolute" city, cast as Bruddersford by J B Priestley, the Bradford-born author. It was a city known for what Priestley called a "forest of chimneys," where the the by-product of wealth was indelibly etched in soot on stone. The recession of the late Seventies brought Bradford to its knees with the loss of 30,000 jobs, mainly in textiles and engineering. Unemployment was topping 16 per cent.

Today the figure has dropped sharply, and more jobs are promised by regenerative developments from an EC aid package and private sector schemes. "There is a new confidence here which you can feel all around. Bradford people have recovered their pride in the city," says Farley.

The new entrepreneurs are moving in with ambitious plans for the empty mill shells that survived Bradford's city centre redevelopment phase, which replaced much of the old heart with modern structures in the Sixties and Seventies.

The listed stone warehouses in Little Germany, a central area where German merchants settled last century, have become a haven for new money. One of them has been bought by Nicholas Treadwell, the self-styled supremo of Superhumanism, who created his own art movement around his own gallery at Denne Hill, a Victorian mansion in the rural idyll of pre-Chunnel Kent.

Sculptures by Malcolm Pointer and Dean Barratt, depicting tortured souls with agonised expressions, are stored together with other works from this figurative movement, awaiting the July opening. Treadwell's gallery will include its own studios on the upper floor where working artists will find themselves living exhibits on view to visitors. Many of the superhumanist works are selling for thousands of pounds, so Treadwell is talking about serious money.

His idea is to take art out of the London gallery atmosphere and into the public domain, which is one reason he sells T-shirts emblazoned with: "I don't know anything about art but . . ." After scouring the north, Treadwell settled on Bradford. Perhaps he saw the same qualities in Bradford people that Priestley recognised before him.

Priestley, writing of Buttershaw's shop in The Good Companions, put it like this: *"Everybody in that district knew Buttershaw's, for it was no ordinary shop. It catered to both body and soul, one half of it being given up to tripe and cow-heels and the other half to music, chiefly sixpenny songs and cheap gramaphone records. Strangers frequently stopped in front of Buttershaw's to stare and laugh, but strangers are easily amused: all the people round about recognised that this was a sensible arrangement, for some wanted tripe, some wanted music, and not a few wanted both."*

It has taken Maria Glot, Bradford City Council's tourist officer, the best part of nine years to make all the people round about recognise that a marriage of culture and industry as a means of developing tourism is a sensible arrangement. "They laughed about tourism in Bradford at first," she says, "but they don't joke about it any more."

Building on the established attractions such as the town of Howarth, home of the Brontes, she decided to explore the potential of Bradford's industrial heritage. Glot is the sort of woman who could see tourist potential in a telegraph pole.

Bradford doesn't have many telegraph poles, or we would probably have heard of them by now. Certainly she has put the Undercliffe cemetery on the map. There are guided tours of the elaborate mausoleums built by the wool merchants who demonstrated pharonic concern for vesting their claim on immortality in the durability of stone.

The prostitutes still stand on the street corners in Lumb Lane, Bradford's red light district, but these days they are likely to be figures of curiosity for the tour coaches experiencing the Flavours of Asia, one of Glot's tourist promotions. The tours invariably take in one or two of the mill shops which have sprouted everywhere and now almost outnumber the mills.

The words "slight second" have always summoned the Yorkshire faithful to these shrines of thrift. Today the bargain hunters come from further afield. Bradford had 6m tourists last year and, based on a rough calculation that each spent £10, they put £60m into the local economy. Glott believes that that is an underestimate.

"The mill shops are enormously popular," she says. "I know of one executive from the US who comes here twice a year and each time he leaves with a dozen or so suit lengths. He says he can't get that quality of worsted for the price anywhere else."

The arrival of the National Photographic Museum in 1983 was the city's greatest tourist coup. Last year, with 824,811 visitors, it was the 7th most popular museum in the country. In turn, the £8.5m spent on resurrecting the Alhambra Theatre next door has drawn premiers of productions like *Kiss Me Kate* and *Can Can* since it reopened in 1986. Both went to London. It also premiered the London Festival Ballet's production of Swan Lake.

Now the council is in discussions with the National Theatre about a regional base in a proposed £80m development of Bradford's "West End" around the Alhambra. Planning officers have been negotiating with Arrowcroft, the company which carried out redevelopment of Liverpool's Albert Dock and the Northern Tate Gallery.

The West End proposals include another theatre, a planetarium and an electronic zoo where people will be able to see videos of animals in the wild – the daily appearance of thousands of starlings over the city at dusk is about Bradford's only claim to real wildlife.

The zoo project should, however, go hand in glove with The World and Sooty at Shipley – a permanent show of original Sooty show sets spanning more than 35 years. Apparently the Sooty show is the longest-running children's TV programme.

Salt's Mill, soon to be developed as a Victorian shopping mall – "a mill mall, you could say," said Jonathan Silver, who owns it – has been one of Bradford's tourist success stories. The model village of Saltaire was built by Titus Salt, a 19th century mill owner philanthropist, for his workers. Today he wouldn't get so much as a tug of the forelock from the Barbour-jacketed commuters heading for the train to Leeds, just 14 minutes away by rail.

Old and new Yorkshire live side by side in this increasingly fashionable enclave of 800 three-bedrommed cottages. Silver lives there too. Stepping out of his newly-restored house he exchanged pleasantries with his neighbour. In Yorkshire this custom can take up most of the morning.

"How are you," he said.

The woman raised her hand to protect her perm from the wind. "Not bad," she said. "But we were burgled last night, second time in four weeks. I don't know what to think. We even had our ferrets stolen last year."

Gardening

Elegy to an old magnolia

ADMITTEDLY, IT was April Fool's Day: the gardening barometer had touched perfect and I had had an unusually good lunch. For the next hour, I did something which I hope I will never repeat in my life: I sawed through an old magnolia soulangeana, uprooted it and burnt it on the bonfire.

Quite a few trees have been crashing to their death here in the past two years and perhaps this column should be renamed "How to axe it." The magnolia, however, is the victim that hurt.

It is not just that somebody told me, after I had burnt it, that the wood could have been valuable for furniture. It is that I am sure it had sensed the death sentence was coming. Its tree-nymph, a white-winged dryad, had baled out last summer, and the trunk is not the sort of wood you can cut without feeling guilty. I thought at one point it was going to squeal.

To make it worse, it had summoned up its energy in a last attempt to look charming. Some years ago, it must have been pruned very badly. The front had been hacked off and it had always been sited badly under paving stones and between two ground floor windows. It ran entirely to leaf without flower buds – until this year.

Just as I was waiting to attack it, it threw up half a dozen buds at the back of its untidy tangle. They were sad, sloppy buds, like the despairing overtures of a great romantic who is past it. They did their best, but they could not open.

As you can see, I still have to play out the trauma, but the lesson, first is to put up with nothing, not even an old magnolia, if it is not performing and is stuck in the wrong place. Nothing in the garden is too memorable to be spared.

There is a popular opinion that ruthlessness in gardening varies between the sexes. The men want to hack it to pieces while the women want to save everything at all costs.

I have never found this matter to be part of the sex war. Rather, it depends if you like gardening. Usually, only one partner does; the other is decisive, or ruthless, depending if you see it as clear sight or revenge.

The second lesson, however, is to the question: facing south, what would be best in the magnolia's place? It ought to be tall because the house needs covering, but wistaria is out because it would be too leafy. I am tired of pruning them twice a year, and I have decided (see another week) to grow them in future as standard trees, not climbers.

My mind's-eye choice at this season is a Banksian rose, but I am seeing it through Spanish memories and it would not be so good west of Oxford. Banksian roses are those vigorous, small-bud roses with little flowers that are usually double in shades of yellow tending to buff. Their leaves are exquisitely light.

The one I still picture is growing on a dump in the public bus park in Cordova, southern Spain. Nobody bothered to prune it, and perhaps it had begun from a discarded cutting in a dustbin. This very week, early in April, it must be at its best, a thicket of thousands of pale yellow flowers spraying sideways where the Cordovans wait for a bus to Seville.

In London, Banksians can be marvellous. Out here near Oxford, though, walls are colder and it would be no good.

Anyway, I am over-rosed, having two already on the front of the house and not much fondness for wiring and pruning at high level among thorns. So what about a ceanothus? They grow very rapidly and Trewithen Blue is very tempting because it can be trained nearly flat against stonework. However, in five years one or other winter will kill them and, by then, the hardier forms will have spread too widely and grown too bushily for the windows and the position. As 1986-87 taught us, they are not hardy in these parts.

At present, I am veering towards a campsis because this fast-growing wall climber has scarlet trumpet flowers in August when the roses will be taking a rest. Unfortunately, it tends to have few of them too high up the wall; so if any readers have had better luck with particular forms, or suppliers, I will be glad to publicise their advice.

To my eye, campsis seems to vary, probably because it is often grown from seed. One form will flower madly whereas others merely grow, and their performance does not vary according to area and climate.

Whatever I choose, I will grow a clematis through it. They give you two seasons on a wall for a space of one and you should always put one beside a newly-planted rose or climbing vine. South walls, however, are rather awkward unless you are fond of the white clematis Armandii, which flowers in spring.

On south walls, the trap is that many well-loved clematis never open their flowers properly, or fade to a bleached shade of their true selves. Nelly Moser and Hagley Hybrid are two of the worst offenders. Instead, choose one of the darker forms or take a gamble on a particular white.

The white Buldine is a sun-lover and, if it decides to like you, flowers very freely; it is as lovely as anything on the market. Try it facing south where the winner, in my experience, is Lady Betty Balfour. Its purple-blue flowers have a white eye.

This is definitely a clematis for the warmer counties, especially the south-east, and it is one of the few that actually prefers to face south. It ought to keep company very well with my campsis, at least until somebody persuades me that they clash and, on another warm spring Saturday, I give them the magnolia treatment and start all over again.

Robin Lane Fox

Arthur Hellyer doesn't intend to let the grass grow under his feet

The kindest cut of all, for the lawn

NOW THAT grass is growing so fast that the lawnmowers are in almost daily use, it is good news that all petrol-engined garden machinery will operate without adjustment on lead-free petrol. This is particularly satisfactory for those who already have cars running on unleaded fuel since, in addition to the benefits of lower costs and unpolluted air, there is the convenience of being able to fill both garden can and car tank from the same pump.

Increasing numbers of machines are being fitted with what are known as I/C engines. These have a cast iron liner in the cylinder which reduces wear and so increases engine life. Though the initial cost is certain to be higher than that of an ordinary engine, the difference will be recovered many times over during the life of the machine since well made and well maintained engines can remain serviceable for an amazing length of time. I have some machines, not all of them grass cutters, that have been at work for around 20 years and are still not read for the scrap heap.

Yet the I/C engines do seem to be fitted in a rather arbitrary way. For example, the Hayter Osprey, which is one of my favourite wheel-propelled rotary grass cutters giving a 24 inch wide cut has an ordinary eight horsepower Briggs and Stratton engine, but the smaller and much lighter Hayter 21 has a six hp Briggs and Stratton I/C engine. Since the Osprey is intended to do heavier work one might have thought it would be first choice for a cast iron engine. Even higher up the power and price range are the Hayter Condor mowers with a choice of Kohler or Honda engines, a five-speed gear box or infinitely variable hydrostatic drive plus a selection of readily changeable rotary and cylinder mowers.

The excellent new Marquis cylinder mowers, introduced by Ransomes last year, are now also available under the Mountfield name, that firm having been taken over by Ransomes. Apart from the paintwork, the machines and their prices are the same and the duplication of marque names seems simply a sensible device for acquiring a greater number of retail outlets.

All the Marquis machines are very sturdily built and they are available in three cutting widths, 18", 20" and 24", the first two with 3 hp and the third with 5 hp Briggs and Stratton I/C engines and the last with the option of a trailing seat. I am a little sur-

prised that the makers have not thought it worth their while to offer electric self-starting as an optional extra for those who, like me, find pulling a rope a primitive and unattractive method of getting the machine going.

Certainly Mountfield have been leaders in fitting small electric starters to some of their up-market rotary machines. Several Mountfield models are also fitted with rear rollers in place of wheels to leave the striped lawn finish that used to be exclusive to cylinder mowers and the Empress 16 SPES and Emperor 21 (the figures relate to the width of cut in inches) give the added luxury of full power drive by way of the roller.

Instead of multiplying marque names, Birmid-Qualcast, which now owns Atco and Webb as well as the popularly priced Qualcast range, is discarding the Webb range of cylinder mowers presumably on the grounds that it more or less duplicates the Atco range with which it was always in close competition. No doubt the Birmid-Qualcast management considers that it already has all the retail outlets it requires and that this simplification of names will help the buyer. Yet I do regret the disappearance of Webb from the market particularly as it was a pioneer in the development of trailer seats for cylinder mowers selling at a middle-market price.

I still like the Westwood range as well as any of the garden tractors and the Plympton-based company produces its own exceptionally wide range of attachments. I have viewed various models for a good many years and have had two complaints though I would appreciate an easy way of lubricating the bearings which carry the cutting blades. I also find that some models have a far better turning circle than others and it surprises me that my smaller 28-inch machine is not as good in this respect as the larger 36-inch model which, in consequence, has to be used in all the more awkward places.

One of the great advantages of all the Westwood machines is that the cut grass is blown out at the rear where it can be gathered up if desired by a trailed sweeper or even more efficiently collected by Westwood's own close-coupled power driven sweeper. There is now a built-in roller to this which gives the final delight of a striped lawn if that is what you want.

One of the fastest-selling novelties seems to be the Flymo Multi-Trim. This is an electric nylon line trimmer with a partly rotatable head which enables it to be used flat for ordinary grass and weed trimming against walls, around trees and in other awkward places, or, turned to a vertical stance for lawn edging. I have just purchased one and find it excellent. I only wish Flymo would produce a model with a tiny petrol engine and so leave me unconstrained by a power cable.

Country notes

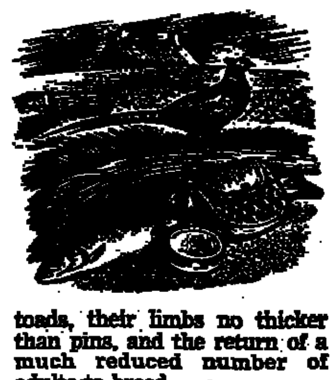
It's tough when you're a toad

THERE WERE emergency lights in the road ahead, shining dimly through the dense fog. I braked to a stop and could pick out misty figures carrying buckets, stooping over the tarmac and scooping up amorphous lumps from the road. Surely I had not come across the aftermath of a horrifying accident, with people collecting the macabre remains of some poor victim?

How relieved I was to find that it was not so. These were toad wardens, helping slow, warty amphibians safely across the road to their breeding ponds.

A road, even a quiet country lane, which crosses the migratory route of toads returning to breed at the pond of their birth may claim a disproportionately large number of victims. The mortality rate can be doubled if the smaller males have already got together with the females en route and are riding on their backs *in amplexus*, ready to fertilise their eggs as soon as they reach water. It is yet another threat to their survival that they can ill afford.

Both frogs and toads are reputed to return to the pond of their birth when they themselves reach maturity and are ready to spawn. A period of two or three years will have elapsed between the mass migration from the pond of hundreds of tiny frogs and



toads, their limbs no thicker than pins, and the return of a much reduced number of adults to breed.

When they do so, each female lays many hundreds of eggs, the frog in a mass of jelly, while the toad leaves a double string of spawn, like black beads, which, coiled about weed in deeper water than frogspawn, quickly takes on a patina of algae and becomes almost invisible.

Not all spawn is deposited in sensible places. More than once I have found it in the ruts of a cart track or in a natural bowl in the rocks. Both sites would dry out in the warmth of spring sunshine. A cattle trough was another crazy place, for newly-formed frogs cannot keep swimming for ever and will drown if they do not crawl on to land. They would stand little chance in a zinc trough with sheer sides.

All too often, natural ponds are drained and filled for development. I well remember being woken early one Sunday morning to help a fellow herpetologist pick up and move dozens of amorous frogs which had collected around a new classroom block on a school playing field where, but a year before, there had been a pond.

Even if the growing tadpoles escape the clutches of predators as diverse as dragonfly larvae, great diving beetles, a multitude of fish and a range of water birds, they still run considerable risks as toadlets and froglets.

I once picnicked by a small reservoir in County Durham one unusually hot July day. Sitting quietly in the sun, I noticed, insect-like, the black forms of tiny toads swarming out of the water and struggling through the grass. It was an odd time to choose to leave the cool water, for the heat was enough to desiccate the tiny bodies of those foolish enough to try to cross the arid dishes of old cowpats that littered the ground. They simply dried up.

Even as adults, life is not easy. The frog, fleet of foot, leaps clear of danger if it can. The slower toad employs other stratagems. It inflates its body and stands on tiptoe to deter the hungry grass snake, while glands under the skin of its warty back exude a fluid distasteful to predatory animals.

The filling of rural ponds has done much to reduce the population of amphibians in the countryside. Ironically, there has been a great increase in the construction of garden ponds, and with fewer predators in urban areas, more and more frogs are returning to spawn there, almost filling some ponds with their eggs.

This year has been so warm that I received several reports of spawn in January. This could give an early start to the resulting tadpoles, or spell disaster as late frosts, freezing the spawn, kill the embryos before they hatch.

Michael J. Woods

And only the Chinese were missing . . .

John Elliott on the search for local talent by UK institutions in the Colony

WHICH BRITISH-dominated Hong Kong institution will be the first to admit a local Chinese: the colony's seven-a-side rugby squad, a general manager's office of the Hongkong and Shanghai Bank, or an aircraft cockpit of Cathay Pacific Airways? This is a highly sensitive question as Hong Kong approaches its return to Chinese sovereignty in 1997, and sprang to mind last weekend at what must be Asian's largest and most raucous gathering of expatriates – or *gweilos*, as foreign devils are known here.

The event was the 14th Hong Kong invitational seven-a-side rugby tournament, sponsored by the Hongkong Bank and Cathay, in which New Zealand's All Blacks emerged as victors from 24 international teams after two days of stunningly fast and dramatic matches which provided the setting for what has become a major annual social, as well as sporting, binge.

There were Asians playing for teams such as Japan, Thailand and Korea, and Chinese from Singapore and Taiwan (called Kwang Hua Taipei to avoid upsetting Peking). But, much to the embarrassment of the sponsors and other leading British people, there were no Chinese in the all-British Hong Kong squad and very, very few among more than 28,000 spectators.

So, where were the Chinese? Selling flagons of Carlsberg, San Miguel and other beers to increasingly drunken *gweilos* was one obvious answer.

The rulers of the colony were all there. William Purves, chairman of the august Hongkong Bank, was in his company's box – and even sat, with an occasional tight smile, through a typically boisterous post-tournament banquet in the local Hilton Hotel on Sunday night.

Sir David Wilson, the British diplomat who is the colony's governor, was more discreet. He appeared only for the final match between New Zealand and Australia, parading onto the pitch accompanied by family and retainers in the studied style of a monarch or colonial ruler.

Even the policing of the event was done by *gweilos*. Some years ago, Hong Kong's curt and unbending Chinese policemen failed to mix well with rugger supporters. Now, soldiers from the Duke of Edinburgh regiment don the camouflage of light green shirts and white shorts and act as stewards, occasionally inviting the police to oust a persistent troublemaker.

All this will have to change after 1997 - although no-one knows how much. In particular, the departure of the British army and British policemen will cut back rugby in general. Soldiers and the police make up about 50 per cent of the clubs and teams in the colony, which has no rugger tradition among the local basketball and soccer-playing Chinese. So, the Hong Kong Rugby Football Union has launched a programme to build up future generations of Chinese players. It also wants to design insitutional arrangements to avoid the sort of crippling power struggles that have broken out between the Chinese who run Hong Kong's football and judo.

In February last year, a two-year initial phase of the programme was launched with HK$2m in funds, half sponsored by the Standard Chartered Bank and the Jardine Matheson's Dairy Farm offshoot, and half contributed by the rugby union. George Simpkin, a coach from New Zealand, has been appointed techical director. He made his name building up Fijian rugby to World Cup standards before the 1987 coup in Fiji caused New Zealand to cut off the aid that was funding his work. Now, Fiji wants him back, but he will be in Hong Kong until early next year at least.

Simpkin recruits *gweilo* players to help pull the Chinese into joint teams, and the results are impressive already. In one year, the proportion of Chinese among all male players has risen from 5 per cent to 23 per cent. The target for next season is 50 per cent.

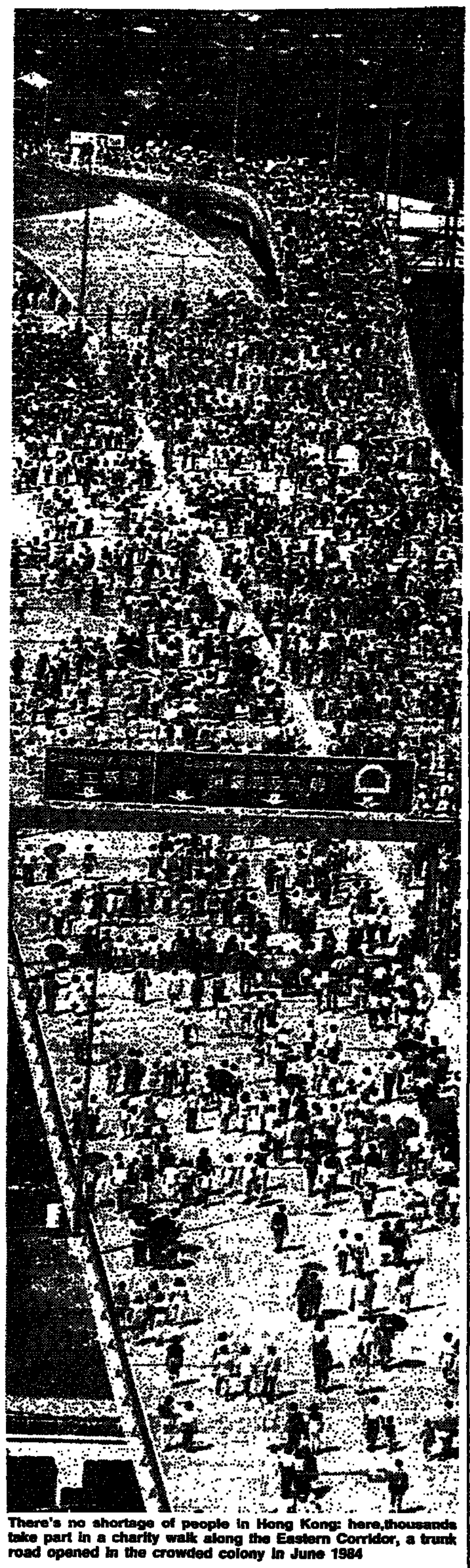
DESPATCHES
•Hong Kong•

A big summer touch-rugby programme is also being started; the experts believe this might help to attract Chinese away from basketball and soccer. Simpkin acknowledges, though, that it will be "some years" before a local Chinese is old and good enough to make the sevens squad.

What are the two corporate sponsors of the seven-a-side tournament doing to admit Chinese into their high-profile commercial activities? The Hongkong Bank had a local Chinese assistant general manager who it wanted to promote to general manager, but he left in the colony's brain drain last year. Now, Purves ackowledges that there will not be a Chinese in a general manager's office within three years unless he is recruited from outside.

Cathay Pacific already has senior local Chinese executives and an array of different nationalities among cabin crew. But it says it has had no local aircrew because there is no Hong Kong air force to provide recruits. Nor does the airline have the narrow-bodied turbo-prop aircraft that are used elsewhere for beginners. However, it started training potential Chinese pilots in Scotland last year, and hopes the first will take up duties as second officers on long-haul flights later this year.

So, Cathay will win the race. That leaves it to the Hongkong Bank to try to groom a banking star fast enough to outpace the development of George Simpkin's rugby players.



There's no shortage of people in Hong Kong: here,thousands take part in a charity walk along the Eastern Corridor, a trunk road opened in the crowded colony in June 1984

Heritage

Race to save Africa's glory

THE COLOUR slides told the story: scenes from the store-room of a West African museum, crude shelving piled high with wooden tribal masks thrown casually one on top of another, textiles draped carelessly over metal frames, and warriors' shields bunched like spoons in a shop display. Every item obviously was a sad parody of its highly-coloured original state, but the degree of ruination can be gauged best by touch. A high proportion of these cultural artefacts tend to crumble between the fingers because insects have dined off them at will.

If nothing is done, Africa's cultural heritage is going to be much-reduced within 50 years. That is why a little-known United Nations agency with an interminable name – the International Centre for the Study of the Preservation and the Restoration of Cultural Property (Iccrom) – is trying to equip the continent with the means, albeit modest, to safeguard what is left of that part of its heritage which tends to languish, and rot, in its museums.

"Africans have no chance to receive any training in the preservation of exhibits," explains Gael de Guichen, whose slide show helps to explain why he is launching a 10-year training programme for African museum staff at Iccrom's headquarters in Rome. In 1986, he started a pilot project which has given 11 months' training to a dozen African museum staff each year for the past three years. The cost has been modest – $30,000 a student per year – and the results have been so encouraging that de Guichen is now trying to assemble the $6m he thinks will be needed for a long-term programme.

About 5 per cent of the financing will come from Unesco and a further 7 per cent from the European Community, but the rest has to be culled painstakingly from foundations and individual government aid programmes. So far, de Guichen has amassed $800,000 towards his target. Donors include the Ford Foundation and the Getty Trust together with the overseas development ministries of France, Britain, Sweden, Denmark and Norway, plus Italy's foreign ministry and Switzerland's aid and development agency.

Europeans are not greatly aware of the richness and value of African cultural patrimony, says de Guichen, pointing to a photograph of a Nigerian terra cotta vase which has been dated from around 500 BC. But others are, judging by the steady rate of thefts of valuable objects now being recorded by African museums.

Preservationists tell the story of the Ivory Coast museum curator in Abidjan who in 1986 checked the inventory of a large collection that had toured Europe in the 1960s. He found that 119 of its 226 pieces had disappeared, including musical instruments, gold pendants and masks.

Environmental hazards, meanwhile, are ever-present, threatening exhibits with a range of perils from insects of varying destructiveness to humidity, fire and flood. Most African museums lack air-conditioning and expertise to perform the most basic preservative tasks.

De Guichen's course passes on basic principles of preventative conservation, including detection and analysis of environmental problems and the treatment of objects that obviously are deteriorating. Success in the final examination brings with it a diploma from the University of Paris, and talks are under way with the University of London for an equivalent qualification for students from Anglophone Africa.

No single African country has the facilities and resources to mount such a course but, while in Rome, students have access to some of the 6,000 objects in the Pigorini Museum which houses a collection largely from the Congo, Ethiepia and the Nile Basin. However, Iccrom is planning two on-the-ground courses a year to teach the organisation of museum storage facilities, one in English and one in French and each lasting three months. The first of these will take place in Ghana in December.

De Guichen is scrutinising his students carefully for teaching abilities because he wants 40 per cent of the staff giving the course in Rome to be African within five years, and 90 per cent within 10. A cadre of African teachers will also be invaluable in raising standards in the museums. "It is consciousness that we are developing," says de Guichen, "not managers who will stick pieces back together again."

John Wyles

Wild Walks

A little local difficulty

THE WEATHER was of the kind that forecasters, with masterly understatement, call unsettled. The wind blew with unremitting violence down the valley as we walked up it. The rain came in regular, malignant blasts. The foulness of the conditions meant that the little roads and footpaths were deserted. It was a fortunate time to visit the Vale of Ewyas.

Its opening lies a few miles to the north of Abergavenny. The vale runs north-west towards Hay-on-Wye, a finger of green between the heather-covered heights of Offa's Dyke and the Black Mountains. It is a place of sheep farms, stone houses and ancient Christian settlements.

We reached Abergavenny by train and first visited the town's excellent second-hand bookshop. We then walked up towards Llanvihangel before turning left into the vale. We crossed the little River Honddu, and went to inspect the Church of St Martin at Cwmyoy.

With some justice, the printed guide available inside describes the building as unique. Because of subsidence "no part of it is square, or at right angles with any other part." The tower leans towards Offa's Dyke and the body of the church towards the Black Mountains, giving an effect which is curious and a little disturbing.

As we headed north, the evening sun shone on us through the rain-swollen clouds. In the shade of the valley were the soft red ruins of Llanthony Priory. This was founded by Austin Canons in the 12th century and the priory church was completed by 1230. The monks were soon driven away by unfriendly Welshmen. But enough of the building survives – the nave walls and arcade, the crossing and the western towers – for its character to be substantially intact.

At the beginning of the 19th century, Llanthony was bought by the poet Walter Savage Landor. For half a century, he poured forth epic poems and plays, unread today and very much a minority taste even in his own time. Landor's chief gift was for making enemies – and at Llanthony he gave it free rein.

He had fantastic plans to restore the ruins and develop the estate. But at every turn he was confounded. He pulled down some of the ruins but never got round to rebuilding them. His house was never finished. He engaged in endless lawsuits with local people. His birds were poached, his sheep were stolen, his trees were cut down and, before long, his patience and fortune were exhausted.

Landor was forced to flee. He wrote of his erstwhile neighbours: "If drunkenness, idleness, mischief and revenge are the principal characteristics of the savage state, what nation – I will not say in Europe, but in the world – is so singularly tattooed with them as the Welsh?"

There is an 18th century house, built into the ruins of Llanthony, which is now a small hotel. We spent the night there, sleeping fitfully in the south-west tower as it shuddered in the gale. In the morning, we battled our way up a muddy footpath to Capel-Y-ffinn, about four miles beyond Llanthony. Here, a man quite as odd as Savage Landor – who was christened Joseph Leycester Lyne, but called himself Father Ignatius – set about bringing the Church of England to its senses.

His mission was to restore Benedictine monasticism within the Church, and he founded a monastery in this desolate spot. However, the Church hierarchy did not appreciate his efforts, the monastery attracted few devotees, and the church he built began to fall down before it was completed. This passionate and slightly absurd man is buried in a tiled tomb in the choir of the church.

In 1924 the monastery was bought by the sculptor, engraver and typographer, Eric Gill. At Capel-Y-ffinn, Gill and his wife, Mary, established an extended family of like-minded artists including David Jones, Donald Attwater and Laurence Gibb. Their ideals were religious devotion, simplicity, humility and hard work. Gill left after four years, although his family still retains ownership.

We spent an hour or so there before returning to the crossroads at Capel-Y-ffinn. From there, the road rises steadily to Gospel Pass at 1,800 feet. The wind tore down on us as we forced reluctant legs forward. It was a relief to stop to release a sheep which had its head stuck through a fence. We then came across soldiers on an exercise. By now we were famished, and my brother suggested asking if they had a spare Mars bar. But they stared at us with such hostility that we passed on.

At the top we gazed down into the Wye valley, and we reached Hay-on-Wye half an hour before pub closing time and three-quarters of an hour before the the bus which would take us to Hereford. A devotee of second-hand bookshops, I never opened the cover of one of the millions of dusty volumes for which Hay is famous. Beer, pork pies, Eccles cakes and Mars bars were more important. The bus was on time and we tottered upstairs, slumped in our seats and slept as we crept through the apple orchards to Hereford.

Tom Fort

Chess

THE WORLD'S oldest traditional chess fixture, inaugurated in 1873, ended this year in a clear-cut Cambridge victory over Oxford by 5½-2½. As usual, the encounter took place in luxurious conditions at the Royal Automobile Club in Pall Mall, London, and was again sponsored by Lloyds Bank.

Oxford had won the previous eight matches in a row, following a record run of 11 Cambridge successes. Over the years the sides have been matched closely and Cambridge now leads overall by 46-44, with 17 draws.

On paper Oxford was probably again the favourite since its two top boards, Howell and Norwood, are already international masters while its third board, Agnos, was the silver medallist in the world under-18 championship. However, Norwood was beaten convincingly by Cambridge's Sri Lanken No. 2 and Cambridge also made a clean sweep of the bottom four boards.

The composition of the teams at one time used to follow a stereotype, with Cambridge dominated by Trinity mathematicians while Oxford fielded polyglot teams reading a variety of arts subjects at different colleges. That pattern seems to be changing: there were five mathematicians this year but also three economists and a mixture of linguists and medics.

More significantly, and cause for some concern, is evidence that universities no longer have the chess strength in depth of a few years back. The golden age was the late Seventies and early Eighties when England won the world under-26 championship and was prominent in many international youth events; while in Oxford v Cambridge, there were players with IM norms down as far as the bottom boards.

That is no longer the case, and another sign of the times is the absence this year of the annual British universities team championship. Some of the talented younger players take the view that it is too hard to try to combine academic discipline with the rather similar intellectual demands of chess opening theory.

In keeping with modern trends, the best Oxford victory of the match – which won a Lloyds Bank trophy – follows theory for 19 moves before Black either innovates or simply forgets the book play. IM James Howell, winner of the Oakham junior international, is a potential grandmaster and here he turns in a polished strategy to exploit Black's scattered minor pieces.

White: J.C. Howell (Oxford).
Black: G. Burgess (Cambridge).
King's Indian Defence.

1 P-Q4, N-KB3; 2 N-KB3, P-KN3; 3 P-B4, B-N2; 4 P-KN3, O-O; 5 B-N2, P-Q3; 6 O-O, N-B3; 7 N-B3, P-QR3; 8 P-Q5, N-QR4; 9 N-Q2, P-B4; 10 Q-B2, R-N1; 11 P-N3, P-QN4; 12 B-N2, PxP; 13 Pxp, B-R3; 14 P-B4, P-K4; 15 PxP en passant, BxKP; 16 N-Q5, RxB.

White is trying to create a strong pawn centre, while Black's minor pieces snipe from the flanks. Here 16 ... BxN; 17 PxB followed soon by P-K4-5 would favour White's bishops.

17 QxR, B-N2; 18 Q-B1, N-N5; 19 R-N1, B-Q5 ch?

Natural, but a mistake; Black should keep up the pressure by R-K1.

20 K-R1, N-B7 ch; 21 RxN, BxR; 22 Q-N2! BxN?

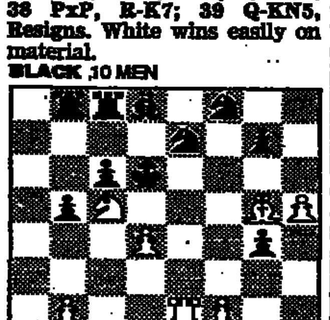
White threatened Q-N6, exploiting the offside knight, but 22 ... N-B3 is a better chance since after 23 N-B6 ch, K-R1 White has no effective discovered check.

23 BxB, Q-K2; 24 N-B3!

Now the Black knight is really on a limb, and Q-R3, Q-B3 or Q-N6 are all in the air. With no good continuation, Black loses a piece limply.

24 ... B-Q5; 25 NxB, PxN; 26 QxP, QxP; 27 Q-B3, QxRP; 28 R-R1, Q-KB7; 29 QxN, R-K1; 30 R-KN1, R-K7; 31 B-N2, P-R4; 32 Q-B3, R-K6; 33 Q-Q4, P-R4; 34 R-KB1, Q-K7; 35 QxP, QxP; 36 Q-Q8 ch, K-R2; 37 QxP, P-R5; 38 PxP, R-K7; 39 Q-KN5, Resigns. White wins easily on material.

BLACK 10 MEN



WHITE 9 MEN

Lasker v. Steinitz, world title match, Moscow 1896. Emanuel Lasker was champion for 27 years, a record, and is ranked among the all-time best players in the company of Capablanca, Alekhine, Botvinnik, Fischer, Karpov and Kasparov. In this diagram, Lasker (White, to move) is a piece down but can regain it at once by 1 BxN ch. What he actually played was much stronger and visualised a winning sequence five moves deep. Can you work out how the game ended?

Solution Page XXII

Leonard Barden

Bridge

BOTH HANDS today come from teams-of-four. Here is the first:

N
♠ Q J 6
♥ 8 7 5 4
♦ A 2
♣ Q J 10 9

W
♠ 10 5
♥ K Q J 10
♦ K J 8 7 4 3
♣ K

E
♠ 7 4 2
♥ A 9 3
♦ 6 5
♣ 8 6 4 3 2

S
♠ A K 9 8 3
♥ 6 2
♦ Q 10 9
♣ A 7 5

West dealt with North-South game, and bid one diamond. This was followed by two passes and, sitting South, I reopened with two spades. North raised to four and all passed.

West led the heart king, East dropping the nine, cashed the queen and played the knave to East's ace. Ruffing in my hand, I took stock of the position. East, who had produced the ace of hearts, could not hold the club king. How was I to avoid a club loser?

I decided that West might have started life with six diamonds and, therefore, with a singleton club. If the king did not drop on my ace, I would play West for a 2-3-6-2 shape and throw him in with a club to force a diamond return from his king.

Drawing trumps in three rounds, I made the ace of clubs. The king dropped and it was all over. I felt pleased that I had made the contract – it was defeated in the other room – but soon my pleasure turned to shame. My technique had not been good enough.

To place West with six diamonds and only three cards in hearts was arbitrary. I should have done better. After ruffing the third heart, I should play dummy's queen and knave of spades and ruff the last heart in hand. When West's 10 appears, I draw the last trump and cash the club ace.

As the cards lie, the king drops – but suppose West had the king doubleton? Now I throw him in with a club and collect the last two tricks after the diamond return.

And that, Mr Cotter, was the proper way to play the hand.

I recall once writing that the overcall at the two-level provides the good player with smoked salmon and silk shirts. Let us examine this deal:

N
♠ 9 6 4
♥ 10 5 2
♦ 6 2
♣ Q 9 8 6 2

W
♠ 10 3
♥ A J 8 3
♦ K 10 9
♣ A 5 4 3

E
♠ A K Q 7 5
♥ 9 7
♦ 8 5 3
♣ K 10 7

S
♠ J 8 2
♥ K Q 6 4
♦ A Q J 7 4
♣ J

With both sides vulnerable, North dealt and passed. My partner, East, bid a spade. South came in with two diamonds and my double concluded the auction.

I led the spade 10, the queen won, and East returned the heart nine. Declarer played the queen and I dropped my eight. South made his diamond ace and followed with the queen, East playing high-low to show three trumps.

Taking with my king, I led the three of spades. East won with the king, cashed the ace and played the seven of hearts. I made ace and knave and cashed my ace of clubs – I knew South could hold only a singleton – and then switched to the three of hearts. This was ruffed by East and he returned another spade, enabling me to score my diamond 10 by trump promotion.

To defeat the contract by four tricks for a penalty of 1100 points required very precise timing. My partner and I were satisfied with our defence and, this time, the satisfaction was justified.

South, of course, in addition to the usual outcry against Fortune, uttered the parrot cry: "I had 13 points, partner." It is not points, but playing tricks, that are needed.

E. P. C. Cotter

HOW TO SPEND IT

Lucia van der Post finds out where the the world's aspiring Gordon Gekkos acquire the dress sense to take them to the top of the tree

Selecting a suit that says style and status

WHAT MERE woman, asked Newsweek magazine a couple of years ago in a memorable essay on the rising tide of male vanity, could understand "the subtleties that go into the choice of a scent to complement a man's mood, a necktie to set off his tan, a scruffer to rout out his pores?

Will they ever know the ineffable sensation related by William F. Gibson, a 33-year-old vice president of a Maryland investment bank, of combining the right Paul Stuart suit (among the 17 he owns) with the right Hermès tie (of 75) and the perfect Gucci shoes (among 12 pairs), of striding confidently into a meeting under a gleaming helmet of styled hair to project an image that says, 'Yes, he's Wall Street. He is a mergers and acquisitions guy.'" You got me there Newsweek.

Nevertheless when it comes to suits, we women may not know much about the subtleties but we sure know what we like. Subliminally we take in the fabric, width of shoulder, lapel and trouser, number of vents — it all builds a picture that packs a powerful punch.

The great advantage of the suit is that it is possible to take refuge in a reliable set of conventions. Suits change remarkably little over the years — a lapel is thinned or widened here, the waist comes slightly in or slightly out, the trousers have more or less flare but all this happens so gradually that it would be hard to pinpoint a single moment at which a good, serious, working suit is ever suddenly out of fashion.

This is because, as Hardy Amies remarked, suits have a job to do, which is to establish status. The major business in suits is done in what Gerald Abrahams of Aquascutum calls "good-looking suits, the suits that men can wear confidently to the office." Since suit-time began (memorably recorded by Samuel Pepys in his diary for October 8 1666: "The King has yesterday in Council declared his resolution of setting a fashion for clothes which he will never alter. It will be a Vest. I know not well how; but it is to teach the nobility thrift, and will do good . . . ") dark colours have been the thing for serious suits.

Some of the most elegant men around keep to a strict and simple regime. I once read, for instance, that Mark Birley, owner of upper-crust nightclub Annabel's and as snappy a dresser as they come, usually dresses in plain dark blue suits, white shirts and regulation blue/black ties. Just occasionally a dot or a stripe might be risked.

Serious men in their serious suits ring the changes with accessories — with a good belt, good shoes, a different shirt, a colourful tie.

When it comes to choosing a suit look first for high-quality fabric. Superior cloth will hang well, drape well, last well, can be worn from those early morning market meetings to late-night sittings in the House. Fabric speaks loudest when it comes to conveying messages. Tweed speaks oceans about reliability, the windowpane check reeks of shiftiness, of life at the borders of respectability, while purposefulness can be seen loud and clear in dark grey flannel or navy blue.

Though the serious suit undergoes no real revolution, it is always subtly evolving. The important evolution at the moment lies in the fabric. Where once the wearer of the British suit had no option but to swelter in Hong Kong or Chittagong, today there are finer, lighter wools that can be worn from Mogadishu to Newfoundland.

International travel and central heating have brought about the change. At Aquascutum, which specialises in serious suits for purposeful men, it reports that the 10 or 12 oz wool suit is often worn all year long and it travels happily from our cool, temperate island to the high humidity of summertime New York.

For International Travelling Man, the sort who is as at home with the yen as the Deutschmark, Ermenegildo Zegna is a name to look for. Originally an Italian cloth house, specialising in high quality cloths, it has developed a truly sophisticated international look. Its exclusive high performance lightweight wool cloth is so light (a suit weighs less than 45 ounces), so fine, so almost impossibly difficult to crease, that an executive could emerge looking effortlessly cool and ready for the toughest boardroom fight after a 10-hour flight.

A suit in the high-performance wool will set him back somewhere between £625 and £725 but, to the typical Zegna man this seems but a flea-bite. Zegna man jets in on business, spends a couple of hours and between £3,000 and £4,000 on putting his wardrobe to rights, he gets any minor alterations he needs done overnight and zooms off the next day ready to face the world.

In London the Ermenegildo Zegna shop is at 37 New Bond Street, London W1 but the Zegna line is also stocked at Fortnum & Mason, Harrods, Harvey Nichols, Simpson (Piccadilly) and Beale & Inman. Visitors to Milan might like to know that at the Via Pietro Verri 3 shop they sell shirts that go up in ¼in sizes.

For a tried and true British look, there's many a chap who has learned he can safely rely on Daks. Plain dark navy-blues, chalk stripes, pinstripes, dark grey flannels, double-breasted or single-breasted, the classics of the working wardrobe come in fine, high-quality cloths at prices that range from about £200 to more than £500 for the highest-quality wools. From this week the Daks fan will find a brand-new shop, with everything from the working suit to the casual wear that first made the Daks name, at 183 Sloane Street, London SW1.

In the world of ready-to-wear no name stands higher than Chester Barrie's. There are those, of course, who are wedded to their tailors, but when it comes to buying ready-made it is generally agreed that Chester Barrie is the *crème de la crème*. Its chief claim to fame is that it is the only company making hand-tailored ready-to-wear suits in this country (and one of only four top names in the whole world — the others being Oxxford in the USA, Brioni and Kiton in Italy).

What hand-tailoring does for the man inside the suit can be summed up in a word — comfort. Not being a man I can't speak personally on such matters but at Austin Reed they tell me that it isn't always easy to persuade a customer to try a Chester Barrie suit (on account of the price, which is invariably somewhere between £475 and £600) but once they get him inside the jacket, he's lost.

He feels the hand-padded lapels, the soft shoulder-line, fingers the horn buttons, the handstitched buttonholes, shrugs himself into it and he can tell at once that here is a superior garment. It's infinitely easier and more comfortable to wear than the harder lines of what in these circles are called the "fused, engineered suit" (i.e. the usual machine-made number).

Some 60 per cent of its production goes abroad where as it saunters down the Faubourg Saint-Honoré, Omote-Sando or Wall Street, it carries all the honour of British tailoring and British cloths. In America, where it rubs up against competition from the well-established Oxxford it is, it is said, the hand-tailored suit for the younger — Yuppier if you like — man.

Not everybody, however, can afford a Chester Barrie suit. There are those for whom the £200 barrier is a real and impassable one. I would direct their attention to Marks & Spencer, now the largest retailers of suits in Britain, responsible for one in every six of suits sold.

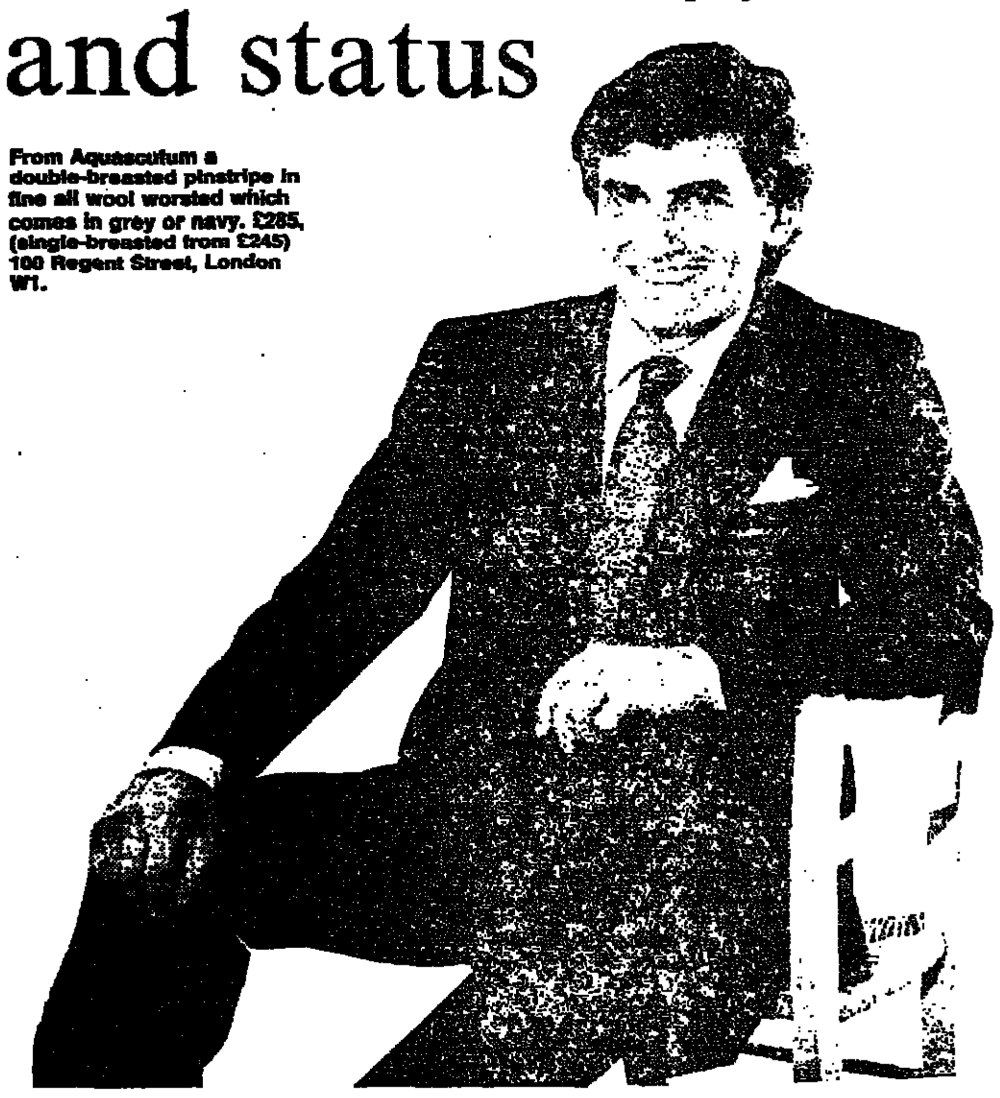
Suits range in price from £75 to £175 with the vast majority selling at around the £130 mark. It reports, like other retailers, the trend towards higher-quality, higher-twist wools which give what it calls "a finer drape" and means a softer look to you and me. Besides pure wool Marks & Spencer is also a great believer in mixed fibres. Several of its suits are made from wool and polyester which, it feels, has all the "drape" and finish of wool but wears better.

It also reports a marked increase in the popularity of the double-breasted suit — three to four years ago double-breasted versions accounted for some 15 per cent of total sales, today it is about 50 per cent. A great practical boon, in my view, is that Marks & Spencer sells jackets and trousers separately. Those who take their jackets off at work — and all of us who have seen films such as Wall Street know quite well that no aspiring Gordon Gekko could ever afford to be seen at his screen with his jacket on — and find the trousers wear out first, should buy two pairs at a time.

Double-breasted suits are, it seems, increasingly preferred by the younger city Turks. They are formal enough to do their job but not so formal as to look stuffy. This version has six-buttons but the form is that you do up one: By Daks in a classic grey Prince of Wales check with an overcheck in old gold. £289 from Simpson, Piccadilly and Daks, 183, Sloane Street, London SW1.

From Chester Barrie one of their hand-tailored ready-to-wear suits, this time a three-buttoned city tweed in fine Saxony suiting. £575 from Chester Barrie, 32 Savile Row, London W1, and other stockists, including selected branches of Austin Reed, Harrods and other Chester Barrie stockists.

From Aquascutum a double-breasted pinstripe in fine all wool worsted which comes in grey or navy. £285, (single-breasted from £245) 100 Regent Street, London W1.



For the frequent traveller to different time zones and different climates the high performance pure wool cloths used by Ermenegildo Zegna are ideal. Very light, highly resistant to creasing, like the best wines, they travel well. Photographed here is just one of the high performance suits in taupe with a cream stripe. £695 from Ermenegildo Zegna, 37 New Bond Street, London W1, and stockists.

Food for thought

The black pudding culture

READERS IN the north will form their own view. Northerners believe that only they understand black pudding and know its proper uses. Having just returned from the international black pudding championship at Mortagne-au-Perche in southern Normandy, I can take the world view.

It is heartwarming to think that such plebeian food merits an international fair, but it does. It is a fine, bracing part of the world, devoted not to soft living but to the horse (stud farms everywhere and not just for the Percheron draught horse) and to the black pudding.

Every French town I have visited overwhelms one with its profusion of charcuteries. That's the way they live and sadly not the way we do. But I don't know another town where the black puddings, arranged in glistening coils like the ropes of some mighty ship, so dominate the windows as they do in Mortagne.

These are international championships — the grand prix of the black pudding. I am not the first to report on this, so you may already know that the prize is usually won by Germans. By the time you read this, the results may well be known; they are not published for some days after the contest is over.

The British mounted a serious challenge this year. There was even Fred Stanly from Kirkcaldy who had prepared some black pudding flavoured with Drambuie. This sort of creative caper may for a moment distract the attention of the judges, but the very fact that the Germans usually win and the judges are French should give Mr Stanly and all of us pause. English black pudding — and no doubt Scottish too — is rather bready stuff for continental tastes.

English black pudding is very black indeed. Not surprisingly it is doctored to make it so. Walls, who have a huge share of the market, confirm that they blacken it with dye. I put this to Mr Bond, a Nottingham pork butcher for 52 years. "Yes" he said, "you'll find that a bit of soda helps to make it black." So the British entries are all as black as your hat, whereas the French and German are a sort of milk-chocolate colour. First round, in my book, to the foreigners.

These judges are not immortal and divine; they are you and me dressed up in sombre robes and soppy felt hats as "Knights of the Guild of Black Pudding Tasters." What gives them their authority is not their fancy title or funny clothes but the fact that they come from Mortagne in the Perche: a land of what Elizabeth David used to call "rough, honest country food."

It is all very well to attach this label to any part of the non-metropolitan world that takes your fancy — Provence, Tuscany, Dorset. But the Perche does not offer you any food that it does not grow itself. No taramasalata, no olives, no seafood, no rice, but honest beef and pig and chicken and vegetables, all done as well as possible. This is not the Normandy of the fat, drowsy Calvados apple orchards with well-fed cows knee-deep in buttercups and cream oozing from everything. These are the tough, rolling uplands devoted to agriculture and not to tourism, where the beasts and greens of the soil provide well-managed country dishes, robust and hearty.

In this kind of culture the black pudding flourishes. It used to flourish in Bury, not a town I know I'm afraid. Now it flourishes, we have to say, in Germany where it is made not by loving farmers, but in factories where men in white coats control the quality.

If you are used only to British black pudding of the kind you buy in the supermarket which is bready and crumbly in texture when you eat it, you will find the French or German article very much moister, softer and fatter.

It is slightly odd when we talk of this honest simple country fare, made into sausages, that the Italians don't seem to be in on the act. It maybe that they regard the Mortagne championships as a contest they can't win and therefore don't wish to enter.

It is in fact a strangely northern stitch-up. Italians and Spaniards not showing at all, although there were competitors from Austrian and Switzerland. I imagine that given half a chance and a bit more perestroika, there would certainly be entries from Poland and Czechoslovakia, countries where a lot of blood pudding slips happily away.

But don't let me give the impression that *boudin* only exists as coarse peasant fare. Some of the supreme chefs of the world offer it; for example Michel Lorain of Joigny, a very innovative and fashionable chef, gives you little coin-sized slices of warm black pudding as an *amuse-gueule* with his aperitifs, and very more-ish they are.

And who will win in 1989? I offer no inside tips; will it be Mr Stanly with his Drambuie or will it be the Germans again or will one of the gallant local charcutiers break through this time? In a way it doesn't matter who wins, as the format indicates. For three days it's a very nice show with French banks, building societies, car manufacturers and kitchen designers exhibiting.

Winning is, as we used to say, is less important than taking part and I observed no killer instincts among the proud northern pork butchers who carried the Union Flag on this occasion. They see no reason to change the format of the British black pudding to achieve a win, which they thought would probably go to a soft brown pasty foreign job. But they tried, bless their hearts.

Mr Bond explained to me carefully the importance of using the right kind of natural skins to retain the full aroma. But then, as he wistfully observes, "Not everybody likes the aroma of course." But it would be an uphill struggle to make a black pudding which was acceptable to people who don't like black pudding anyway. It is certainly not a eurobureaucrat's delight: they would no doubt like to regulate the minimum meat content, but of course black pudding contains no meat at all, only blood and fat. And if we didn't eat black pudding what would happen to all the pig's blood. Fertiliser I suppose or petfood. It's scarcely surprising that it remains almost the last of the really cheap delicacies.

Jane Grigson gives an elaborate recipe for making your own in *Charcuterie and French Pork Cookery* but I should be delighted to hear from anyone who does make it at home. I imagine many enthusiastic and experimental cooks might be daunted by the prospect of trooping round to the slaughterhouse for a bucket of blood.

You can and some do, make it with dried blood but that's not the sort of carry-on that will cut much ice with the Confrererie des Chevaliers du Goute-Boudin. This was the twenty-first of these championships; long may they continue.

I always grill my black pudding and eat it hot with plenty of mustard. It is already cooked of course so you can eat it 'raw' as the tasters do in Mortagne. Many people like to fry it for breakfast but that's a breakthrough I've not made. Sliced dessert apples cooked in lard or butter make a very nice accompaniment to grilled black pudding. *Boudin pommes en l'air* they call it in Normandy.

Peter Lewis

A cultural centre will be Britain's last legacy to Hong Kong

NO ONE crossing on the Star Ferry from Hong Kong island to the Chinese mainland at Kowloon can have failed to notice a vast windowless building shaped like a dry ski slope rising remorselessly over the years on the harbour front and blocking from sight the familiar frontage of the Peninsular Hotel. In November it will unmask to the world, revealing itself as the Hong Kong Cultural Centre.

Not so long ago the Hong Kong Cultural Centre would have rated alongside the Australian Cultural Attaché as a cheap Radio Three joke. But just as Australia has not looked back artistically since the opening of the Sydney Opera House, so Hong Kong has started to shed its image as a place where philistines go to make money.

The new Academy of Performing Arts, financed from the profits of the Hong Kong Jockey Club and directed by Dr John Hosier, formerly of the Guildhall School in London, is already pouring forth graduates, and while events like the Hong Kong Arts Festival and the Asian Arts Festival may be longer on promise than achievement, compared with other moneypots in the area, (Singapore for example) Hong Kong almost reeks of culture.

The creation of the Cultural Centre owes much to the rivalry in the colony between the state government (largely British, and island, dominated) and the Hong Kong Urban Council, run by the Chinese, and siding with the masses in mainland Kowloon. If the state sets up the Academy on the island then Kowloon must flex its artistic muscle in response.

With the re-siting of the old Kowloon railway station the perfect location became available to be devoted to the spiritual life of the people. It will eventually consist of a space museum (already in operation); an art gallery; the Cultural

Within a decade the centre will inevitably become more Chinese in its bookings

Centre; and gardens running down to the harbour. But the heart is the Centre, with its main theatre, a studio theatre, a concert hall, and such extras as an exhibition gallery, seven rehearsal rooms, restaurants and conference facilities.

The Centre will have cost £40m by the time it kicks off in November with a £2m festival featuring the National Theatre with its new *Hamlet*; the Cologne Opera; and the Danish Ballet. It will cost the city over £2m a year in subsidy to keep open, despite the potential from money making conferences. At the moment it is desperate for quality products: hence the recent trip to London by Wayne Maddern, formerly number two at the Sydney Opera House, who runs the Centre, and has the annual task of filling 1.4m seats from a population of 5.7m.

If there is anything in creative tension, then the Centre will be a success. As well as the political tussles which contributed to its financing, there is the derision which has accompanied its construction from Hong Kong's multitudinous barbarians who cannot contemplate anything that does not turn a profit. Its design has been roundly condemned and certainly the architect took an outrageous risk in totally eliminating windows, windows which would have looked over the channel to Hong Kong and one of the great vistas of the world. His argument is that visitors to the Centre should concentrate on the performances and that anyway the gardens will act as a viewing platform. It is a minority opinion.

Inside things improve greatly. The 2,100 seater concert hall is fashionably oval in shape, with wooden acoustic curtains that can be moved to suit the music. The theatre, with room for 1,750, is less startling, more of a claustrophobic box. Rumours that there was no access to the stage from the right proved unfounded but certainly there is a tightness of space in the wings. But overall the Centre is like any new cultural palace – in Dallas, Toronto, Lyon, or Melbourne: a comfortable facility which lives or dies by the product attracted there.

And this is where it gets interesting. There are two artistic traditions in Hong Kong – the European and the Chinese and in the years towards 1997, and the Chinese takeover, the indigenous arts will gradually assume dominance. In the immediate future the concert hall will be home to the Hong Kong Philharmonic, a hundred or so Chinese musicians playing western classical music, often under its British principal conductor, David Atherton.

But while the Orchestra can expect to attract good, mixed, audiences for its hundred concerts a year it cannot hope to compete in popular appeal with the Cantonese Opera, or the Peking Opera, or even the Shanghai Opera when they appear in the theatre. And Cantonese pop stars, like Anita Mui or Paula Tsui, can fill the 12,000 seater Coliseum for 30 consecutive performances, with a total audience of 360,000.

Western opera and ballet have shallow roots among the Hong Kong Chinese, and within a decade the number of Europeans in the colony will have diminished. The Cultural Centre will become remorselessly more Chinese in its bookings. Significantly the Chinese restaurant seats 600, the Western 150.

In the meantime Maddern is seeking a repertoire which will appeal across the cultural divide. An obvious winner is large scale musicals and he is happy to have attracted *Cats* to Hong Kong next year for an eight week season. He hopes to make the place a natural stop over for touring companies lured to the East by the rich pickings in in Tokio or Australia. Peripatetic symphony orchestras will also be enticed by the prospect of an enjoyable working stop over. All told Maddern is looking for a box office revenue or around £1m a year.

The Chinese are great fans of western farce – *Run for Your Wife* is one of the biggest local hits – but such an impressive auditorium can hardly be devoted solely to farces and musicals. There is potential in expanding the horizons of Hong Kong's five million annual tourists away from shopping and towards an evenings culture, and in developing arts sponsorship: apart from Glaxo, which brought over Sadler's Wells Royal Ballet last year, few local businessmen have awakened to the opportunity in arts PR and entertaining.

In sum Maddern has a fascinating if thankless task trying to fill an impressive new venue at a period of historical change. The Shakespeare, the opera, and the ballet which will impress the first audiences will seem like the stuff of dreams a decade from now. Then the Centre will present an almost totally Chinese repertoire, very different but perhaps even more fascinating. It will represent Britain's last legacy to its Chinese ward.

Antony Thorncroft

The windowless Hong Kong Cultural Centre with its sloping roof will open in November

New York Saleroom

April is the month for jewels

ONE THINKS of April as a relatively quiet period in the New York saleroom: the calm before the storm of further record-beating prices that can be expected in the big May sales of Impressionist, Modern and Contemporary art. April is the month for jewels: "Antique and Fine Jewels" or "Magnificent Jewels" as they are enticingly referred to when they are really special.

Both of the main New York salerooms will offer "Magnificent Jewels" this month: Christie's on April 11 and Sotheby's on April 12 and 13. Both rooms are highlighting exceptional Burmese ruby rings with a choice between a 15 carat stone at Christie's and a 10.09 carat one at Sotheby's. The estimate for the latter is more than $1.5m.

Coloured diamonds, which have of late become very popular, are featured in both sales. At Christie's 18 pink diamonds with a total carat weight of 19.51 are estimated to sell at more than $2m. These come from the Argyle mines in Western Australia where a vast deposit of diamonds was discovered just ten years ago. Only about 60 carats of pink diamonds are produced there annually and Argyle has previously sold these by tender. But now, in a new experiment, they will be sold by public auction at Christie's who have given the diamonds wide exposure with pre-sale viewings on the West Coast as well as in Tokyo and Hong Kong.

In addition to its two-day jewellery sale, Sotheby's will sell separately the jewellery collection of General Motors heiress, the late Lydia Morrison. The most splendid of the 88 lots is a ruby and diamond suite consisting of necklace, bracelet and earclips (estimate $675/825,000). Also included in the sale is a 28.03 carat emerald-cut Brazilian diamond. This is known as The President Vargas No.4 and comes from the 726.60 carat rough diamond of that name discovered in 1938 and cut by Harry Winston in 1941 when it yielded 29 stones. One of these was bought by Lydia Morrison and Sotheby's estimate that it will sell at more than $500,000.

Both auction houses will feature major sales of photographs in April to mark the 150th anniversary of the invention of photography. Sotheby's two-day sale on April 26-27 includes a Chicago private collection of 90 vintage prints from the twenties and thirties by such European and American photographers as Moholy-Nagy, Man Ray, Charles Sheeler and Walker Evans. Christies will offer photographic "Masterworks from the 19th and 20th centuries" on April 25.

Homan Potterton

Chess No. 767:
1 B-B4 ch, K-Q4; 2 R-K5 ch, K-B5 (if KxP; 3 R(1)-K4 mate); 3 R-B1 ch, KxP (if K-N5; 4 B-Q2 mate); 4 N-N3 ch, K-Q6; 5 R-K3 mate.

Renaissance masterpieces at Impressionist prices

THE TEN most expensive paintings to sell at auction are by Impressionist or 20th century artists, van Gogh, Picasso, Monet and the like. Ah, say the traditionalist connoisseurs, that's because no really great Old Master picture has emerged on the market in recent years, not since the Christie's Mantegna which made £8.1m in 1985. If one did then the sky would be the limit.

This theory is about to be tested within the next few weeks, when Christie's offers two undoubted Renaissance masterpieces, a head of Christ by Antonello da Messina in London on April 23 and a portrait of Duke Cosimo I de'Medici by Pontormo in New York on May 31.

Antonello painted Christ at the Column, in Venice around 1475. It is a small, affecting, work, very physical yet very emotional, and it is estimated to sell for at least £4m. Since it is the only one of the 32 known paintings by Antonello not safely in a public collection, *Christie's estimate must be* very tentative. It is an obvious masterpiece and if there are prospective buyers desperate for an Antonello, or just for a top quality Old Master, it could go for much more.

However, art market gossip insists that the vendors, descendants of the 19th century collector Sir Francis Cook, offered the painting privately to the two most obvious buyers, the Getty Museum in Malibu and Mrs Johnson, the American millionairess. Even if these two are standing on the sidelines – perhaps, in the case of the Getty, keeping its powder dry for the Pontormo – there should be enough bidders, not least the National Gallery in London. It already owns four works by Antonello, but it has a tradition of stretching its resources to the limits to acquire top quality paintings

Undoubtedly if these two paintings sell well other top quality Old Masters will come out of the woodwork

Christie's must be delighted at acquiring two such splendid paintings – and kicking itself that they should arrive on the market simultaneously. But in the last two years some of the collectors of Impressionists have started to show an interest in Old Masters, which have been notoriously under priced for ages. It is quite possible that the Pontormo will go to one of the mega rich who have pushed the price of top quality Impressionists to stratospheric heights.

For the Pontormo, painted in Florence in the early 1530s, is even more impressive than the Antonello, an immediately appealing portrait of a haughty young Renaissance prince. For once Christie's claim that it could be the finest Old Master painting in private hands in the US is not too outrageous. The head of Sotheby's Old Master department in London, Mr Julian Stock, concedes "it is one of the most beautiful paintings I have ever seen."

Christie's estimate of at least $20m is suitably vague. It could top $30m. The Getty has become much more aggressive in its buying lately, paying $4m for an intriguing allegorical scene by Dosso Dossi in New York in January and £10.34m in London this week for Renoir's "La Promenade." Buying the Pontormo would tell the world that, at last, it was using its vast wealth to acquire the very best – and hang the moans of its critics, who say that its money unsettles the market. There is one small worry for Christie's: it has given the vendors, the Stillman family, a guarantee on the Pontormo so a Wall Street crash just before May 31 could prove very expensive.

Undoubtedly if these two paintings sell well other top quality Old Masters will come out of the woodwork and some of the investment money in art will turn to this sector. All the hoary old prejudices against Old Masters – the problems they can have over attribution and condition; the often religious subject matter and the very size of some of the canvases; the difficulties in building up a collection when most of the finest paintings are in museums, and in securing export licences – melt away if you flick through a catalogue of a good Old Master sale and see what treasures are on offer at knockdown estimates.

Some sectors have already acquired a fanatical following – still lifes, in particular flower paintings, are avidly bought, with prices sometimes rising ten fold in the past decade. But this is interior decorators taste, house furnishings for the new rich. The Italian Baroque of the 17th century, works by Reni, Guercino, and the like, have also found followers for their physical directness, and the 18th century Venetians, like Canaletto and Guardi, fit neatly into the homes of the nouveaus.

The bargains lie in earlier paintings, "gold ground" religious works of the 14th and 15th centuries.

In the same sale as the Antonello Christie's is offering a pretty scene of a music party on a terrace by Dirk Hals for around £100,000; a dramatic battle between the Israelites and the Amalekites by Giordano for £50,000; and four paintings signifying the four parts of the world by Solimena, who in his day, around 1700, was regarded as one of the leading artists around, for up to £25,000.

Sotheby's sale on April 19 has no one masterpiece but many desirable paintings, such as a very rare grisaille by Aspertini of the Adoration of the Shepherds for up to £30,000; a colourful harbour scene by the 17th century Dutch artist Minderhout for up to £80,000; and an exquisite river landscape by Swanevelt, a Dutchman much influenced by the light of Italy, for £30,000 (it will certainly go for much more).

For years commentators have been saying how cheap Old Masters are compared with the fashionable schools, like contemporary, 20th century British, Scandinavian, and now Russian art. Perhaps 1989 will be the year when buyers get the message.

Antony Thorncroft

Could top $30m: Pontormo's portrait of Duke Cosimo de Medici

The Louvre reopens its doors

William Packer reviews the inaugural exhibition and enters the museum through Paris's latest monument, Mr Pei's pyramid

NO VISITOR to Paris in recent years can have been unaware that great works are afoot at the Louvre. Its vast forecourt may no longer be a building site, but huge temporary structures are now springing up across the base of the Tuileries Gardens from which, *throughout this bicentennial* summer, the energetic celebrant will be able to view the great triumphal axis of Paris all the way from "la Defense" to the Pyramid of Mr Pei: a cumulative monument to successive Revolutions, Empires and Republics. The French are certainly remarkable, indeed eviable, for their sense of civic and national pride.

In Pei's deceptively simple glass Pyramid, set among its fountains on the great and now immaculate expanse of the *Cour Napoleon*, Paris has been enjoying its latest and lightest monument these many months, but, until last week, only from the outside. Now, after its first extended closure since it was established as a museum in 1793, the Louvre has reopened its doors and *tout le monde* is flocking to see what it looks like from inside and below.

It caps, quite literally, what is now the principal access and hub of the Museum, with all the services of public information, convenience and refreshment. *Giving directly onto this* handsome concourse is a suite of new, subterranean galleries dedicated to temporary exhibitions, which, as a major facility, is something the Louvre has long-required.

The inaugural show, *Les donâteurs du Louvre* (until August 21: daily except Tuesdays) is, appropriately enough, a brief history and celebration of itself through some of its principal gifts and benefactors by which the Museum has developed and ramified upon its foundation in the *ancien régime* royal collections.

Prints and drawings; antiquities; furniture; tapestry; ceramics; gold and silver; besides, of course, painting and sculpture: the scope is all-embracing and, even in so comparatively small and thus arbitrary a selection, astonishing. *As always with* the Louvre – and in the best sense – it is all too much. There is always bound to be something we never knew or had long forgotten, even if the particular artist is as familiar as Corot, whose works punctuate this show.

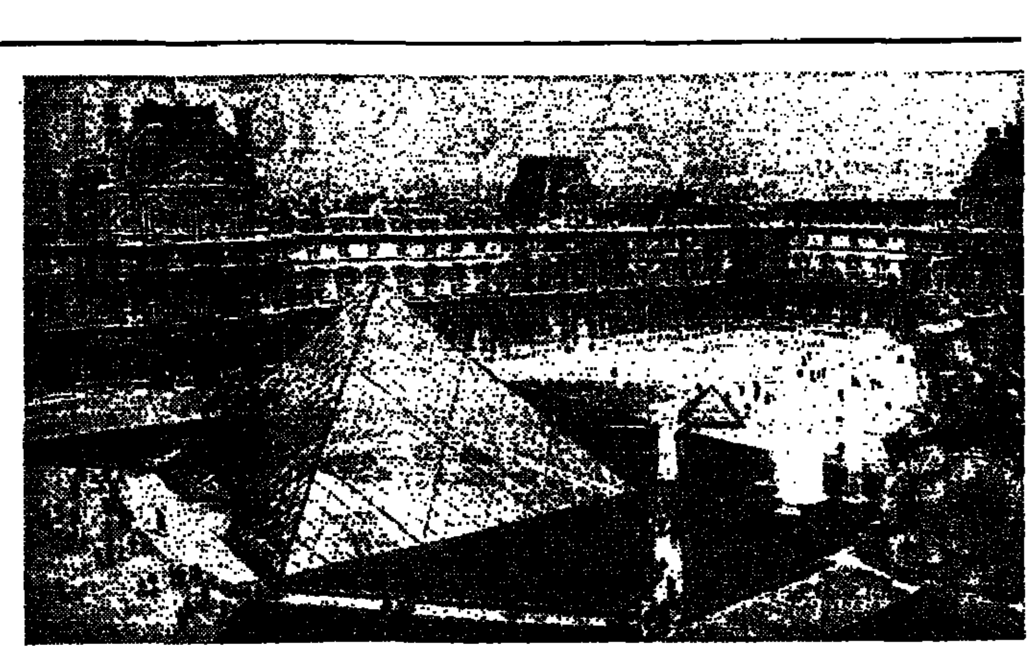
The one obvious self-restriction was not to draw upon the *collections* now at the Musée d'Orsay, where all the major gifts of art of the modern period are held. The arrangement is loosely chronological by gift, further rationalised into categories where useful. Antiquities or furniture or medieval art are put together, here a group of works given by artists themselves, or by their models or families, there a group given over the years by the Friends of the Louvre, *founded in 1897 and the first of* such organisations.

Here is the portrait by Ingres of Caroline Rivière, given by her sister-in-law in 1870, and the drawing by David which was given by Ingres himself in 1856 in acknowledgment of his master. As for the gifts of the Friends, a choice that might as well have included the Avignon Pieta of Enguerrand Quarton or Courbet's "L'atelier du peintre," now in the Musée d'Orsay, was clearly limitless and must here be merely, splendidly, typical: a Greek amphora, an Egyptian relief, a 17th century terracotta portrait bust, "The Turkish Bath" by Ingres.

Now and again there appear *gifts of state*: the bronze medallions of Nègre and Arnoul which George V returned to France in 1914; and the sculpture of Amenophis IV that was the gift of Egypt to France in 1972. And there are the gifts of the private individuals whose generosity supplies the substance of the collections as it does this show, which begins indeed with the very first gift of all. In 1798 "The hypochondriac woman" by the 17th century Dutch painter, Gerard Dou, was given by Charles-Emmanuel IV of Savoy to a young officer, Bertrand Clauzel, who was negotiating his abdication, and he passed it straight on to the Louvre.

Most remarkable of all are the small groups of works, set at intervals through the show, that celebrate the particular cast of mind that marks out the true amateur of art, the collector for whom collecting is the whole of life and to whom the Louvre in particular owes so much. They were naturally men of certain means, but often modest and retiring, more often bourgeois than grandee. The works they accumulated are to be relished for themselves. Who needs its full provenance to respond directly, for example, to Rembrandt's delicious "Bathsheba at her bath"? And yet there she is in a selection from the extraordinary legacy of Dr Louis la Caze, given in 1869, that here includes paintings by Ribera, Fragonard, Chardin, Watteau and Rubens.

Not all the galleries of the Louvre are yet open, for the reinstallation of the collections must take many months, even years to complete. And now that the Ministry of Finance has been finally booted out of its wing of the museum, clearly we shall be reporting new marvels from the Louvre for years to come.



Pei's Pyramid: the new access and hub of the Louvre, leading to subterranean galleries

Melting pot of student drama

THE 34TH National Student Drama Festival has been held this week in Cambridge. I managed to see six of the 21 productions from universities, schools and colleges thoughout the country, as well as an alarming cabaret extra by a couple of last years NSDF finalists, the extraordinarily vicious, funny and aggressive Henry Naylor, and his podgy friend Andy Parsons who did a sketch about willies and Weetabix.

This annual event is a unique melting pot of student energy and discussion, professionally led workshops, performances in several venues, communal drinking in the club bar and the frantic production of a daily magazine that both reflects the creative turmoil and administers sharp and satirical criticism. It is all very refreshing, hectic and enjoyable, a sort of scaled down Edinburgh Festival fringe with the additional bonus of a a sense of competitive fraternity.

Prizes are given and judgements made, this year by director Glen Walford, actor Bernard Hill and critic Robert Hewison. All three are alumni of the NSDF, and it is cheering indeed to see such professionals, together with playwrights and other practising experts, pooling their experience and know-how in the workshops, *discussions and seminars that* are a critical part of the festival.

The sun shone warmly on Cambridge last weekend, the Backs resplendent, and the cherry blossom outside Clare College at its very best. The plays, however, presented in a variety of far-flung venues including Clare College cellars, Homerton and the Sixth Form college out on the Hills Road, were anything but summery.

We saw the fall of the House of Usher, heard a lament for the "disappeared" in Pinochet's Chile, met a family torn apart by events similar to the Clevand child abuse scandal, spied on a sad old bachelor in his grimy council flat, and watched, with aghast hilarity, a dog being eaten for supper.

That latter show, *Darkle*, which justly won the Sunday Times Playwright award for Bill Gallagher, was smartly directed by Rumu Sen-Gupta for the Minotaur company of the University of East Anglia. It was much more than a dog's dinner, more even than a case *of Man Bites Dog and swallows* hard: a snazzy, fantastical farce for three disenchanted lodgers who take revenge on their landlord by serving him his own roast pet.

How delightful that the piece (which you can catch on this year's Edinburgh fringe) should have been sponsored by Pizza Express. Roast dog as a *new form of fast food would* put you off most other foods fast. But the great joy of this idiosyncratic, now Pinteresque, now Bondian, response to *Titus Andronicus* lay in the wit and verve of the acting and the projection of young people's fear and rejection of the World *Out There*.

Out There is where people are thrown in prison and tortured because they disagree with politicians. Paul Toolan's *The Disappeared* for Clarendon College, Nottingham, used some short, angry poems by Ariel Dorfman and offered a female chorus covered in shawls and photographs of missing loved ones. Candles and carols flecked the litanical lament, framed in a correspondence between the chorus leader and her English friend from college days.

The play was neatly done, but somehow mechanical. A much stronger sense of rage *and sadness permeated The Moon's A Madonna* by Richard Cameron for the Thomas Sumpter School in Scunthorpe, joint winner of the Best Company award. Incestuous child abuse allegations eventually settle on the second eldest brother in a family of five and mixed paternity. This gentle soul, Michael, beautifully played by a young actor of untainted comic personality, David Newborn, is an Adrian Mole-style diarist turned chief suspect and final victim. Again justly, Newborn, who evinces a touch of Michael Crawford at his most winning, was adjudged the festival's Best Actor.

This was a very moving and poignant 90 minutes, performed by youngsters on the doorstep of the Cleveland tragedy, and carrying the powerful impact of a report from the front line. The event was both simple and astonishingly mature, with deftly arranged set-pieces at the hospital, on a day out to Bridlington, on Bonfire Night and, once the family *has been reunited as travelling* gypsies, on Dartmoor. Any flimsiness of plot development was eradicated by the strengthening network of family ties that social workers have failed to destroy.

Three productions came from Hull, two from Z Theatre Company at the University, another from a Humberside youth group who came off second best in an ill-advised scuffle with Edgar Allen Poe. *The Curse of Usher* by Richard F. Green and Thom Strid looked promising, with an atmospheric set and good-looking actors, and I liked the jarring mixture of Scouse idiom and Gothic rodomontade. But the performance never matched the ambition. And the ambition was not that great to start with.

Z Theatre's twin thrust was slow, inert and maudlin on the one hand, cheap, silly and desperate on the other. I liked neither *Harold's Day* by Tim Fountain, in which an old boy misses the bus for an outing and potters miserably around with his papier mâché tortoise for the rest of the day, nor *Now Is The Time* by David Bridel, in which Adolf Hitler (the year is 1946, the place Hell) tries to *respond to Chaplin's The Great Dictator* by casting the still mortal Herman Goerring as Fatty Arbuckle in a satanic cabaret. The slowness of the first was debilitating, the wackiness of the second exhausting.

Still, the point of the NSDF is really that it happens at all. The average cost of the week to each participating student is £89. Clive Wolfe, the indomitable artistic director, puts the cost of the jamboree at £60,000. The Sunday Times put up £18,000 this year, and ITV £15,000.

These are peanuts well spent, and not just because so many participants go on to make professional careers (recent recipients of the Buzz Goodbody prize for a director, not awarded this year, include Simon Curtis and Julia Bardsley). The NSDF matters because young people gather in a mood of joy and cooperation to share their love of theatre and to measure their achievements, without malice or too much bitchiness, in a festival atmosphere. Cambridge in the spring sunshine was a perfect setting. Next year the caravan moves on to Scarborough.

Michael Coveney

James Frain in Bill Gallagher's award winning play, "Darkie"

Radio

Beatle makes good use of the wireless

THE NEW typography in the *Radio Times* is the only improvement in its new style. Separating radio and television *is a handicap, and separating* the radio channels even worse, involving endless turning of pages. Only one of the radios in my house has press-button tuning, so I like to have the various frequencies easy to see. I suppose it is no good asking for some reference to the World Service, a frequency at least.

McCartney on McCartney (Radio 1, Saturdays), in which the great Paul reminisces with Mike Read, is full of happy nostalgia. Last week's instalment, first of the proposed eight, contained such unexpected items as the Beatles' versions of "My bonny lies over the ocean" and "The Sheikh of Araby," and McCartney's Opus 1, a song called "I lost my little girl," composed at the age of 14, a year before the composer admits having taken any interest in girls. There was interesting stuff too about the early Hamburg days.

This week's time was largely filled with familiar numbers, with some talk about composing them and what help was given by the Beatles' immortal producer George Martin. As we come nearer the present day, nostalgia will be less of a factor, as the songs, whether from the Beatles or Wings, are increasingly familiar. Paul McCartney makes good conversation, very different from what we heard in the Beatles' early *impromptu press conferences*.

"You really use your imagination listening to radio," said Paul, who was brought up on it. He is at one with film-actor Richard Dreyfuss over this. Some of the players recorded in Los Angeles last year by BBC directors Martin Jenkins and Gerry Jones have come to play on the BBC's home ground. The Los Angeles Classic Theatre Workshop (an *ad hoc* association of radio buffs) gave Radio 4's Monday play last week, Arthur Miller's *The Price*. Richard Dreyfuss was Victor, the retiring-age cop who has to sell the furniture left by his father, once wealthy, ruined in the Depression.

Just as Victor has agreed a price with the dealer (a remarkable performance by Timothy West as a New York *Jewish nonagenarian), in* comes his brother Walter, a successful doctor who owes his degree to the financial help Victor gave him, and the tale of loyalties and disloyalties takes off. Richard Dreyfuss has a proper radio manner, speech that need not be projected over footlights nor aimed at a mike held out of sight of cameras. Good work too by Harry Yulin as Walter, a man who puts success above loyalty, and Amy Irvine, Victor's self-centred but still romantic wife. Martin Jenkins directed.

Andy Kershaw covers music from around the world at 9 pm on Sunday on Radio 1, so it was economical of the BBC to make a documentary about Mali. Mali, as anyone with an up-to-date gazetteer will know, is south of the Sahara, once part of the French Soudan. The Corporation has sent a DJ to do a Radio 4 documentary, I suppose, because he can return with a few tapes of Malien popular music for Radio 1 Sundays.

Much of the singing he gave us in *Now That's What I Call Mali* was rather influenced by years of French colonisation, with accompaniment by synthesisers in European harmony. The band at Bamako station could have been in Swindon. But I liked the more native sound of the 21-string guitar-like instrument, and *the singing, as long as it kept* away from western influence, was enjoyable.

On the other hand, Andy Kershaw could hardly do a *Down Your Way*. He is too easily amazed by things familiar to anyone who has even done a page or two of reading, such as Africans' tooth-cleaning sticks. He met an English girl working for Save the Children and two British conservationists, but got nothing fresh out of them; and I got little of Mali out of all his adventures. They told less about Africa than I could learn from *Sanders of the River*.

B.A. Young

Records

Two Wozzecks to treasure

Berg: Wozzeck. Franz Grundheber, Hildegard Behrens, Heinz Zednik, Aage Haugland etc/Vienna State Opera Chorus and Philharmonic/Claudio Abbado. DG 423 587-2 (two CDs).

Berg: Wozzeck and Schoenberg: Erwartung. Eberhard Waechter, Anja Silja, Heinz Zednik, Alexander Malta etc/ Vienna State Opera Chorus and Philharmonic/Christoph von Dohnányi. Decca 417 348-2 (two CDs)

Strauss: Elektra. Hildegard Behrens, Nadine Secunde, Christa Ludwig, Jorma Hynninen, Ragnar Ulfung etc/Tanglewood Festival Chorus, Boston SO/Seiji Ozawa. Philips 422 574-2 (two CDs)

OF THE three versions of Berg's first opera recently made available on CD, one is new and two are reissues. That conducted by Pierre Boulez (CBS, recorded in the mid-1960s at the time of *his Paris Opera* performances) can be dismissed from the reckoning quite speedily: it is, surprisingly, not at all well played or (apart from Walter Berry's Wozzeck) well sung. The other two, however, are in their different ways superb. Listening to one good performance of *Wozzeck* is among the most moving and profoundly disturbing things any opera-lover can do. Listening to two is *almost too much to bear*.

Both Dohnányi's (Decca), first published a decade ago, and Abbado's (DG), the new issue, have the Vienna Philharmonic as their orchestra. There was a time when an agonised modern-music-as-hairshirt mode of execution was deemed apposite for the works of the Second Viennese School masters. It is now, happily, long discredited; even so, the beauty and eloquence of the Viennese playing is in both sets an inestimably precious benefit. Berg's music and Berg's *approach to the Büchner play* – one of the closest matches in the history of the medium – depend for their mutual urgency on a sense of late-Romantic background; this is the orchestra's home territory, and in phrase after phrase the idiomatic rightness of sound and style is strictly incomparable.

One notices the orchestra more, for its own sake, in the studio-made Decca set: the sound-quality and relation of voices to instruments are near-ideal. By contrast the DG, recorded at the Vienna State Opera during the 1987 new production, suffers slight imbalances. None is very serious; in the circumstances, indeed, the superlative quality of the playing is even more remarkable, *and what one gains in the* performance as a whole is a ferocious hard edge of dramatic impact.

Abbado achieves a quite spellbinding intensity – time and again the characterisation of the notes on the page commands a vividness of detail that sweeps each scene headlong without any sacrifice of formal consistency. Dohnányi, whose 1983 Covent Garden *Wozzeck* revival is unforgotten, takes a comparatively detached view of the score. In the theatre this can work superbly well; here, and for all the expert shaping and moulding, the conductor occasionally risks a tinge of self-consciousness.

In the matter of the singers *the two sets have a fair, and in* some cases complementary, share of plusses and minuses. Abbado's Wozzeck, Grundheber, sings with beautifully true, even tone and also with a kind of dramatic frankness that neither shirks nor exaggerates any of the horrors. Dohnányi's Waechter, a fine baritone caught too late in his career, compensates for vocal decline with unrelievedly "extreme" delivery – sometimes powerfully affecting, sometimes merely hammy.

With the two Maries it is the other way around. Abbado's Behrens is strong, occasionally unsteady and choppy of phrase, oddly (for this singer) externalised in manner, whereas Dohnányi's Silja, in spite of minor inaccuracies in *Sprechgesang*, gives what seems to me one of the great performances on record – heartbreakingly simple, tender, vulnerable, with a core of what one can only call purity that lends the whole opera an extra twist of pathos.

The smaller parts are generally well taken (if without the extra distinction to be found in Karl Böhm's DG *Wozzeck* cast of 1965: another candidate for reissue?). Zednik's needling, nimble-voiced Captain *is* a common factor, sharper-pointed in the later performance; Malta's Doctor (Decca) scores over the subfusc Haugland (DG) by combining a matter-of-fact Viennese accent and an authentic Viennese relish for the ghoulish. Decca has filled up its second CD disc, generously and very well, with *another Dohnányi-Silja-VPO* reissue, a near-classic account of Schoenberg's monodrama *Erwartung*.

Consumer advice? In an ideal world both these sets would make endlessly rewarding listening. Pressed to choose, I would go for Abbado's: among contemporary opera conductors his gift of theatrical incandescence is quite special, and caught here in full flame.

An infusion of just that quality would make all the difference to Philips's new *Elektra*. It was taken during a series of Boston concert performances (the same set of principals and conductor arrive next month at the Festival Hall for a similarly-planned pair of LSO *Elektra concerts*). Given the "live" situation, the playing is impressively accident-free – but at the same time no special benefit, no increase in electricity seems to have been accrued therefrom. Ozawa allows the listener to hear much of this complex score often blurred. Compared with the two predecessor-*Elektras* on record, the *magnificently frenzied* Solti (Decca) and the idiomatically expressive Böhm (DG, long unavailable), his is a rather ordinary performance: clean, clear, matter-of-fact.

Its main selling-point is, of course, Behrens's heroine. In the theatre this soprano seems to surpass her natural technical limitations (of power, middle-register steadiness, evenness) through sheer force of personality. At home I find myself filled with both admiration and doubt; much of the singing has a skin-of-the-teeth quality, undoubtedly desperate in character, that finally works against the stature of the opera's central role. There is a lustrous, richly-imagined Clytemnestra from the indomitable *Ludwig, a disappointing* Chrysothemis (tamely characterised and with weak top notes) in Secunde (whose Sieglinde I praised in last year's Bayreuth *Ring*), and too much dim singing among servants.

What finally rules this new *Elektra* out of court are the cuts (as extensive as in the Böhm). In the theatre, "traditional" truncations have to be tolerated, human frailty being the deciding factor. On records, Solti and his glorious Birgit Nilsson have demonstrated the meaning and value of hearing the complete text. The failure of Ozawa to learn the lesson is inexcusable.

Max Loppert

SPORT

And the Grand National winner is . . .

I HAVE had a bleak and drear winter, it has to be said. The cause of my downfall was a monumental lack of judgement in opposing Desert Orchid whenever the flying grey – Britain's best-loved steeplechasing hero since Arkle and Red Rum – flung himself into action.

It seemed like a good idea. He was bound to tire eventually, or be hampered at a fence, or unship Simon Sherwood, or be stunned by bolts and lightning. But as victory followed victory, as Desert Orchid hogged more and more limelight with bewitching displays of extravagant jumping, courage and versatility, my losses mounted.

In some of Desert Orchid's races, my decision to oppose him led me to favour a rival 'chaser named Vodkatini – an out and out nutter, an equine head-banger if ever I have seen one: a horse that is so far off the wall, so frequently out to lunch, so gripped by private mania, that it would have transformed the Charge of the Light Brigade into a brilliant English victory.

My opportunity to recoup my winter's losses should have been taken at Aintree two days ago when the marvellous flying grey eventually showed his tiredness by clipping the top of a fence in the Martell Cup and toppling on landing – Desert Orchid's first-ever fall in 21 steeplechases, bringing to an end Sherwood's and Desert Orchid's sequence of nine straight victories, climaxed by a famous win in the Cheltenham Gold Cup three weeks ago.

But I was not feeling well. My confidence was shattered. I was petulant and tearful. On the day that Desert Orchid really *should* have been opposed, I stayed away from the market.

Fortunately for all concerned, Desert Orchid is not a runner in today's Grand National at Aintree. The event is backed by Seagram, which for the first time has sponsored all 18 races over the three-day meeting, taking its contribution towards the total prize money from £210,000 to £241,170.

Today's great race is expected to attract a worldwide TV and radio audience of 300m-plus, and will no doubt prove as magnificent a spectacle as ever. But it can also be brutal. Horses get smashed and killed. A long time ago, Desert Orchid's owners decided that the legendary grey was far too precious to risk in the Grand National – which eliminates *him*.

Determined to harvest the best information available, I decided to solicit some inside tips from Britain's top bookies. These are the

men who *know*. They have spies in every stable, in every snow-capped tree and bush, from here to the north of Scotland – a network of informants supported, in London, by armies of form specialists and banks of computers and satellite dishes. If anyone knows what is going to win the National, these are the men.

I did not start well. For an initial evaluation – a crisp strategic view – I rang General Peter Leng, chairman of the Racecourse Association, in case he had heard some whispers. I told him my name, and asked if he had a minute.

"Subject?" he rasped. I rather like generals. They usually warm to me, regarding my impertinence as so completely alien to everything they are familiar with as to be in some way attractive. At the highest – Olympic – levels, much of international sport is actually run by generals, many of them from NATO. They are brisk and calm and coldly efficient.

"Racing," I said. "Actually, the National. Do you suppose you have a tip?"

"I don't race like that myself personally," Leng replied, "and all my staff are up in Liverpool." He suggested that I ring Aintree, where his PR people would very probably formulate a joint selection on behalf of the association.

That did not prove possible, so I turned to the bookies. Terry Probert, racing manager of the William Hill/Mecca empire – which at present operates 1,708 UK betting shops, plus 56 in southern Ireland and 370 in Belgium, and is therefore virtually on a par with Ladbroke, its biggest rival – said that his firm was hoping to handle £9m-£10m out of an expected turnover on the race of £50m. The mild winter in Britain has been excellent for the bookies, following four grim winters when cancelled race meetings reduced their turnover.

"I have talked to my experts," said Terry, "and they say that our worst loser on the ante-post book is Bonanza Boy, who is showing a net loss of £100,000. However, a sum like that will be swamped on the day. Our experts say they are sorry they can't be original, but what they like best are two well-backed runners, Dixton House (8-1 yesterday) and Bonanza Boy (10-1). Both love the soft ground. For a classy outsider, they name West Tip (20-1), who has gone down in the weights."

At Ladbroke, an extremely highly-placed source said that there had been heavy support all week for the first six in the betting, and that the firm had also accepted a bet of £1,000 at 100-1 against Friendly Henry. "The ground will be crucial," said my source. "What you want is a proven stayer on heavy ground. Dixton House, The Thinker and Bonanza Boy obviously fall into that category."

Coral Racing, the third of the Big Three, told me that they had had a flood of ante-post money for Bonanza Boy, Dixton House and Durham Edition, with lesser sums for West Tip and Monanore, the latter of whose owners have bet £1,000 each way at 40-1 (it is now at 20s). Pressed for a selection, Coral pondered my request at an extraordinarily high level, and produced this reply: "The Thinker, which is about 12-1. The going's exactly right; this is a really classy horse."

It looks an absurdly difficult race to me, but here are some statistics. Only nine favourites have won this century, the latest being Grittar at 7-1 in 1982. The shortest-priced favourite was Poethlyn in 1919 at 11-4. Fancied horses *do* have a reasonably good record in the National. Horses starting at less than 16-1 have fared well in the post-war years, scoring 23 successes from 43 runnings. Since 1968, horses starting at less than 16-1 have won 16 out of 21 runnings.

Nine-year-olds have by far and away the best record this century, winning 31 out of 81 runnings. The youngest winning jockey was 17 (Bruce Hobbs), the oldest 48 (Dick Saunders). Of today's jockeys, Peter Scudamore, John White and Neale Doughty have the best Grand National records, completing the course five times; of the three, only Doughty has won (in 1984).

What do I fancy? You really would not want to know. But how about Seeandem, at extremely long odds? He will get me out of a hole. Or bury me completely.

Michael Thompson-Noel

The power behind Formula 1

THE 1989 motor racing season opened with a bang on March 26 when Britain's Nigel Mansell, driving for Ferrari, won the Brazilian Grand Prix with a magnificent display of opportunism. Attention in this $1bn industry now switches to the San Marino Grand Prix at Imola on April 23.

In all the excitement of the season's start, little attention has been paid to a small, fastidious man wearing green-tinted glasses who only minutes before the off can sometimes be seen prowling the paddock carrying an attache case stuffed with dollars. Though his face and name are unfamiliar to the millions who follow the sport, in the tight little world of international motor racing, Bernie Ecclestone, 52, has a legendary reputation.

He arouses admiration, envy and fear. He is admired because of his achievement over the last 20 years in building one of the richest, most spectacular and successful of the "big money" sports; he is envied because he is a multi-millionaire, and he is feared because of his power and the way he wields it.

As president of the British-based Formula 1 Constructors Association (FOCA) which controls the sport, and as vice-president and commercial director of the Paris-based *Federation Internationale du Sport Automobile* (FISA), the regulatory body, Ecclestone is deeply entrenched in the sport's power structure. He is a ruthless politician who has carved his way to the top.

Part of his power stems from his restless energy and continued attention to detail. Race organisers have learnt to fear his lightning visits: on one occasion at Silverstone he had his people tear down an unsanctioned advertisement that was in range of the BBC's cameras. He controls his operation from a small office on a trading estate at Chessington in Surrey.

His chief weapons are the phone and the fax. In the car park stands an air-conditioned bus which serves as a mobile, computerised office when he is on the road, while a private Lear jet is parked at nearby Biggin Hill ready to take off at half-an-hour's notice. He spends over 800 hours a year in the air; though he visits all 16 Grand Prixs as a matter of course, he rarely stays until the end of the race.

Around Ecclestone is a small circle of trusted advisers. In Geneva he worked closely with Paddy McNally, whose company, AllSport, sells advertising space and hospitality facilities to companies on some 11 of the 16 Grand Prix tracks, including Silverstone. There are those who are convinced that Ecclestone is the actual owner of these venues, but this he firmly denies.

What is certain is that without Ecclestone's patronage, many of the Grand Prix circuits would not survive. For legal advice Ecclestone relies on his lawyer, Max Mosley, the son of Oswald. The TV business, too, is handled by a separate company, Foca TV, which also has an office in Geneva. But though his interests are complex and far-flung, his style is immediate and highly personal. Most deals, no matter how big, are settled with a handshake; even his enemies say that once he has done a deal, it sticks.

He is a man whose moods oscillate alarmingly between vituperation and charm. He is an extremely generous friend, but he is not a man anybody would wish to cross lightly. He is also highly secretive, harbours an almost pathological dislike of publicity and fiercely


Bernie Ecclestone: arouses admiration, envy and fear

resents any enquiry that probes at all deeply into Foca and its finances.

Exactly where Foca's money comes from and how it is spent are facts known only to Bernie. When, for example, I asked him if it was true (which it is) that Foca currently hands out $1m per race to the teams in prize money, I was told sharply, in effect, to mind my own business.

What he does not deny is that little moves on the Grand Prix circuit without his knowledge and approval. Though the formal decisions are taken by the international body, FISA, it was Ecclestone himself, so he told me, who was responsible for taking the British Grand Prix away from Brands Hatch in 1986 and for giving the exclusive contract to Silverstone for the next five years. The announcement came as a very nasty surprise to Brands Hatch, which had previously shared the event with Silverstone. But Ecclestone says there was no plot, or mystery. "I was asking Silverstone to spend a lot of money on improvements and they had to be given their pay days."

The fact that motor racing is a media spectacular which now attracts a worldwide TV audience of 1.4bn in 143 countries is almost entirely due to Ecclestone.

Born at St Peter's in Suffolk, the son of a trawler captain turned engineer, he was brought up in the south London suburb of Bexleyheath where, after briefly studying for a degree in chemical engineering at Woolwich Polytechnic, which he never completed, he found himself dealing in second-hand motorcycles. He was obviously a natural dealer and entrepreneur. By his mid-20s he had built up Britain's second largest motorcyle dealership and ran a highly successful used car business called Weekend Car Auctions, plus a joint property deal on the fringes of London, that made him a millionaire.

From the start, Ecclestone was attracted by motor racing. His first experience of Formula 1 came from his friendship with two Grand Prix drivers – Stuart Lewis-Evans, who was killed in 1958 at the Moroccan Grand Prix, and Jochen Rindt, who died while practising for the Italian Grand Prix in 1970. At the time of Rindt's death, Ecclestone had become Brabham's manager. Far from being discouraged, Ecclestone plunged still deeper into the world of Formula 1 by buying the Brabham team. "My original idea was to retire from business and run Brabham as a hobby," he says. But one look at Foca convinced Ecclestone that here, too, was ample scope for his talents.

Back in 1970, Foca bore little resemblance to the highly-disciplined, tightly-organised operation it is today. There was no TV to speak of, no controlling organisation and no corporate sponsors. Even the efforts of the petrol companies and tyre manufacturers were distinctly low-key. The teams themselves travelled the world doing one-off deals with individual promoters. It was all very ad hoc.

As a team owner himself, Ecclestone saw that television was the key to the problem. He realised sooner than anyone else that once TV came in, which it did in the early 70s, an amateur and sanction-ridden sport could, given time, patience and money, be transformed into a multi-million dollar industry. But this could not and would not happen overnight.

To bring in first TV and then major sponsers Ecclestone realised that the sport would have to be packaged, sold and promoted like a rock concert. To make all this happen he had to break some heads, dent some powerful egos, including that of his former rival, Jean-Marie Balestre, president of FISA, and ride roughshod over a number of vested interests – among them the RAC, whose influence over Formula 1 is now minimal.

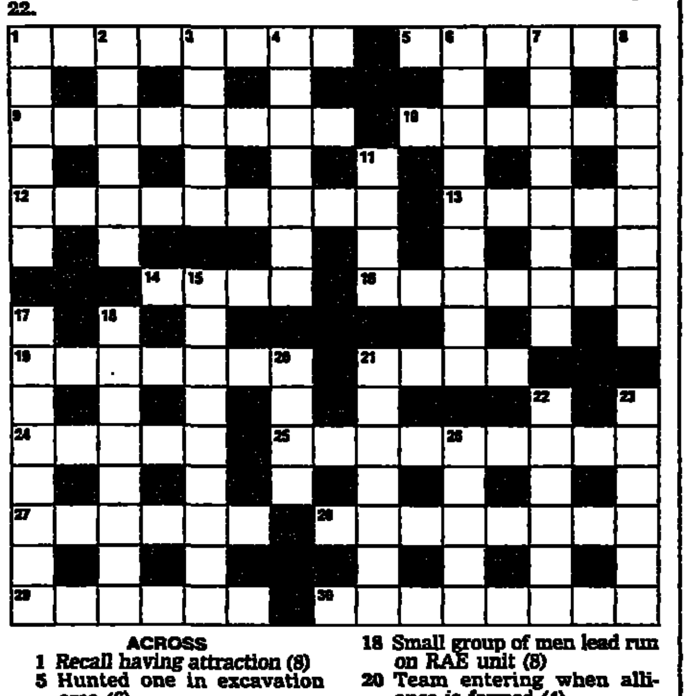
The task was so great, the energy applied so vigorous and the result so spectacular, that it is not surprising that Ecclestone has his critics, not to mention enemies. But so far nobody has been able to lay a finger on him. In claiming that he is just a humble lad from Bexleyheath whose sole aim has been, as he says, "to turn Formula 1 into a Class A act," he is being uncharacteristically modest.

Stephen Aris

CROSSWORD

No. 6,904 Set by HIGHLANDER

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday April 19, marked Crossword 6,904 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday April 22.



ACROSS

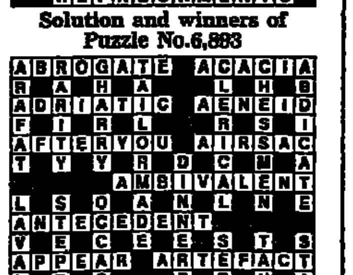
1 Recall having attraction (8)
5 Hunted one in excavation area (6)
9 The old manor destroyed by last of Henry's cavalrymen (8)
10 Method of payment sound? Make sure (6)
12 *A French lover is not attentive to women* (9)
13 Scots landlord is in tiers they say (5)
14 Swing? State in which direction (4)
16 Gamble on very small number in the middle (7)
19 Quite different, the foreign spirit (7)
21 Extremely light (4)
24 Will refrain from consuming (5)
25 Opening during the month on mountain range (9)
27 Extra levy is pronounced: baronet changes heading (6)
28 Quite wrong due to change in peaceful state (8)
29 Rather dirty and hot inside small boat (8)
30 According to report, died in dignified surroundings (8)

DOWN

1 Unconventional method of departure (3,3)
2 Beginning of the irregular depression (6)
3 Pull over left, in a manner of speaking (5)
4 Most of all, completed earlier than expected (7)
6 Tore plush off to fit padding and springs into chair (9)
7 Wanted: several sheets in colour (8)
8 Soft furnishing (8)
11 Raise objections to counterfoil (4)
15 Comprehensively defeat attempt to cover up (9)
17 Pen is led astray in conventional form (8)
18 Small group of men lead run on RAE unit (8)
20 Team entering when alliance is formed (4)
21 Bridge dropped down, one hears, after 6a (7)
22 Approximately 18 holes (6)
23 Weary mole grabs sheltered spot (6)
26 *Sudden rush about key for* hotel patron (5)

Solution to Puzzle No.6,903

Solution and winners of Puzzle No.6,893



Mr G.B. Cooper, East Cosham, Hants; Mr B. Davidson, Chipping Sodbury, Glos; Mr D.J. Hepton, Scarborough, Yorks; Mr R.A. Kahane, Paris, France; Mr J. van Rees, Witherslack, Cumbria.

TELEVISION & RADIO

SATURDAY

†indicates programme in black and white

BBC1

8:25 am Saturday Starts Here. 8:40 Roland's Rat Race. 9:00 Going Live! 12:12 pm Weather. 12:15 Grandstand, including coverage from Aintree on Grand National Day. 12:25 Barbour Seagram Challenge - Part 1. National Hunt jockeys, led by Grand National winner Brendan Powell, compete over the cross-country section of a three-day event course at Gatcombe Park; 1:00 News; 1:05 Barbour Seagram Challenge - Part 2. 3-day eventers led by Olympic gold medallist Mark Todd compete over the Grand National course at Aintree; 1:25 Martin Pipe (Profile of the racehorse trainer); 2:00 Racing from Aintree; 2:10 Who'll Win the National? 2:35 Racing from Aintree and from 2:50 the 1989 Seagram Grand National, with the 'off' at 3:20; 3:50 Football Leagues half-time scores; 4:00 National Re-run; 4:15 Golf (US Masters from Augusta); 4:40 Final Score.

5:05 News. 5:15 Sport/regional news. 5:20 Rolf Harris Cartoon Time. 5:30 Macgyver. 6:40 Morris Minor's Marvellous Motors. 7:05 Bob Says...Opportunity Knocks. 7:55 Columbo. 9:15 News and Sport. 9:25 Midnight Caller. 10:15 The Grand National (full review of this afternoon's Aintree classic). 10:35 The Odd Couple. 11:00 Film: "The Silent Partner" starring Elliott Gould, Christopher Plummer and Susannah York.

BBC2

2:45 pm Cartoon. 3:00 Network East. †3:40 Saturday Cinema Double Bill. Two Terry-Thomas comedies: "Carlton-Browne of the FO" starring Terry-Thomas with Peter Sellers. 5:05 Too Many Crooks" starring Terry-Thomas with George Cole. 6:30 The Triumph of the West. 7:20 Newsview.

8:05 ACB. Vernon Handley introduces a profile of one of the century's greatest musicians - Adrian Cedric Boult - founder-conductor of the BBC Symphony Orchestra born 100 years ago today. 9:05 Film: "It's Happening Tomorrow." Best Italian film from the 1988 London Film Festival (subtitled). 10:35 International Golf. Coverage of the US Masters from Augusta National Golf Club. 12:35-1:10 am Rapido.

LONDON

6:00 am TV-am Breakfast Programme. 9:25 Ghost Train, including The Real Ghostbusters. 11:30 TSB Rock School. 12:00 The Chart Show. 1:00 pm ITN News, followed by ITV national weather. 1:05 Local news and weather, followed by Saint & Greavsie. 1:40 Sportsmasters. 2:10 Film: "Campbell's Kingdom" starring Dirk Bogarde. 4:10 Supergran. 4:40 Cartoon Time. 4:45 Results Service. 5:00 ITN News, followed by ITV national weather. 5:05 Local news and weather. 5:15 Cartoon Time. 5:30 Disney's "The Legend of Young Dick Turpin."

7:15 Catchphrase. 7:45 Davro's Sketch Pad. 8:15 Murder, She Wrote. 9:15 ITN News and Sport, followed by ITV national weather. 9:30 Local weather. 9:35 Film: "Passion Flower" starring Bruce Boxleitner and Barbara Hershey. 11:15 Saturday Night at the Movies. 12:00 Hot Shots. 1:00 am Sledge Hammer, followed by ITN news headlines. 1:30 am Film: "Night Chase" starring David Janssen.

CHANNEL 4

7:00 am Bright Sparks. 7:30 Streetwise. 8:00 Box Office Weekly. 8:30 The Oprah Winfrey Show. 9:20 Jazz Classics. 9:25 Murun Buchestansangur. 9:30 Listening Eye. 10:00 Moneyspinner. †10:30 Film: "Heidi" starring Shirley Temple. 12:10 pm World of Animation. 12:30 Dance with Me. 11:00 Film: "Keeper of the Flame" starring Spencer Tracy and Katharine Hepburn. 12:55 Film: "San Francisco" starring Clark Gable with Jeanette MacDonald and Spencer Tracy. 5:05 Brookside. 6:00 Right to Reply. 6:30 Challenge to Sport.

7:00 The World This Week. 8:00 Different Trains (Concert film of two works by Steve Reich). 9:00 Film: "Yerma" (subtitled). 11:00 Montreux Jazz '88. 12:00 Rivron. †12:30 Film: "Panic in the Streets" with Richard Widmark, Paul Douglas, Barbara Bel Geddes.

S4C WALES

As Channel 4 except:

9:25 am Murun Buchstansangur. 9:30 One Hundred Kids Waiting For A Train. 10:00 Vintage, a History of Wine. 11:00 Moneyspinner. 11:30 Listening Eye. 12:00 Flight Over Spain. 12:30 pm Sumo. 11:00 Indian Film: "Kaagaz Ke Phool." 3:45 Cartoon Carnival. 4:05 Chris de Burgh - Live in Dublin. 6:30 Century of Childhood. 7:05 Carreg Ateb. 7:30 Newyddion. 7:40 Y Maes Chwarae. 8:40 Rargian Fawr. 9:10 Behaving Badly. †10:10 Smiling Madame Beudet.

IBA Regions as London except at the following times:

ANGLIA

2:10 pm Film: "Operation Pacific" starring John Wayne and Patricia Neal. 9:35 Film: "Carry On Up The Jungle." 12:00 Film: "Moment By Moment" starring John Travolta.

CHANNEL

12:00 The Highwayman. 1:00 am The People's Choice Awards.

GRAMPIAN

12:30 pm A Iomadh Dutheich - "Art - Amadan Brathair." 5:10 Criomagan: A Gaelic look ahead to the coming week in the Highlands

HTV

SCOTTISH

TSW

TVS

TYNE TEES

ULSTER

RADIO

RADIO 2

RADIO 3

RADIO 4

SUNDAY

†indicates programme in black and white

BBC1

BBC2

LONDON

CHANNEL 4

S4C WALES

ANGLIA

CHANNEL

GRAMPIAN

HTV

HTV WALES

SCOTTISH

TSW

TVS

TYNE TEES

RADIO

RADIO 2

RADIO 3

RADIO 4